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Please print or type information **WASHINGTON STATE RECORDER'S Cover Sheet** (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document must be filled in)

1. Development Agreement

Contract #4959

Reference Number(s) of Documents assigned or released:

Additional reference #'s on page _____ of document

Grantor(s) (Last name, first name, initials)

1. Microsoft Corporation
2. City of Redmond

Additional names on page _____ of document.

Grantee(s) (Last name first, then first name and initials)

1. Microsoft Corporation
2. City of Redmond

Additional names on page _____ of document.

Legal description (abbreviated: i.e. lot, block, plat or section, township, range)

Section 23, the Northwest quarter of Section 24 and the Southwest quarter of Section 14, Township 25 North, Range 5 East, W.M.

Additional legal is on Exhibit A of document.

Assessor's Property Tax Parcel/Account Number

☐ Assessor Tax # not yet assigned

232505-9016; 232505-9061; 232505-9118; 241300-0010; 242310-0044; 242310-0070; 242310-0075; 242310-0200; 242310-0205; 242311-0010; 242311-0030; 242311-0050; 242311-0085; 242505-9007; 232505-9049; 232505-9120; 067310-0010; 067310-0004; 142505-9010; 142505-9014; 142505-9054; 142505-9100; 142505-9141; 142505-9153; 644830-0040; 644830-0080; 644830-0090; 644830-0095; 232505-9038; 232505-9041; 232505-9076; 232505-9103; 142505-9061; 142505-9068; 142505-9125; 249990-0010; 644830-0010; 644830-0030; 644830-0100; 644830-0105; 644830-0111; 644830-0112

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature of Requesting Party

DEVELOPMENT AGREEMENT

THIS AGREEMENT is entered into this 25 day of June, 2005 by and between MICROSOFT CORPORATION, a Washington corporation ("Microsoft"), and the CITY OF REDMOND, a Washington optional municipal code city (the "City").

RECITALS

A. Microsoft owns the real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"), which Property is located in the Overlake neighborhood of the City.

B. Microsoft desires to continue to locate and to expand its worldwide corporate headquarters in the City.

C. Microsoft and the City agree that Microsoft's presence in the community provides economic and community benefit to the City and its residents.

D. Providing for Microsoft's long term presence in the City affirms existing Land Use and Economic Development Comprehensive Plan policies and supports Microsoft's headquarters expansion plans in the City.

E. Microsoft and the City desire to establish provisions for the future development and redevelopment of the Property consistent with the amount of development planned for the Overlake neighborhood by the Overlake Neighborhood Plan and Bellevue-Redmond Overlake Transportation Study Update Final EIS issued May 14, 1999 ("BROTS").

F. Both the City and Microsoft recognize the benefits that both will derive from long term facilities planning and development.

G. Microsoft and the City desire to utilize the provisions of RCW 36.70B that provide for cities to enter into development agreements with property owners to govern the future development of real property.

H. A development agreement between Microsoft and the City is a collaboration that will provide mutual benefit for the parties as well as the region.

Accordingly, the parties agree:

AGREEMENTS

1. Approval of Master Plan. Microsoft shall have the right to develop on the Property 2,195,488 square feet of "gross floor area", as defined in the Redmond Community Development Guide ("RCDG") (no areas within a parking structure shall be

included in gross floor area). The 2,195,488 square feet of gross floor area is referred to hereinafter as the "Additional Development". The Additional Development is net of any gross floor area on the Property which is demolished in order to build the Additional Development. The Additional Development includes the use of transferred development rights ("TDRs") and the floor area ratio attributable to the proposed vacation of rights-of-way within the Main Campus. The Additional Development is listed on Exhibit B attached hereto and incorporated herein by this reference. Approval of this Agreement does not constitute approval of the right-of-way vacations described in Section 5 below. If the rights-of-way are not vacated, the portion of the Additional Development attributable to the vacated rights-of-way may not be developed unless TDRs are purchased and used to acquire the gross floor area attributable to the vacated rights-of-way.

The Redmond portion of the BROTS area is limited to 15,457,783 square feet of gross floor area by the BROTS Agreement (the "BROTS Cap"). Currently, 12,827,795 square feet have been allocated or developed, leaving 2,629,988 square feet of gross floor area unallocated. The 2,195,488 square feet of gross floor area covered by this Agreement covers 83% of the unallocated capacity of the BROTS Cap. However, up to 2,746,328 square feet of gross floor area have been requested for allocation pursuant to current development agreement applications. In addition, there are a few remaining vacant or severely undeveloped properties within Redmond portion of the BROTS area, and those properties have a right for reasonable development to occur within the BROTS Cap so a reserve 100,000 square feet (the "Undeveloped Floor Area") must be reserved within the unallocated portion of the BROTS Cap to ensure the ability of these properties to develop in the future. In order to provide for the oversubscription to the unallocated square footage under the BROTS Cap and to account for the need to reserve the Undeveloped Floor Area, Microsoft shall reserve 216,340 square feet (the "Holdback") from the 2,195,488 square feet of gross floor area covered by this Agreement. The Holdback includes 83,000 square feet of gross floor area which is Microsoft's pro rata share of the Undeveloped Floor Area. When any of the vacant or severely undeveloped properties located in the Redmond portion of the BROTS area are developed in the future, to the extent they do not utilize their portion of the Undeveloped Floor Area, the Holdback shall automatically be reduced by 83% of such unutilized portion of the Undeveloped Floor Area, and Microsoft may proceed to utilize that amount of gross floor area pursuant to the terms of this Agreement. In addition, the Holdback may be reduced or eliminated when any one or more of the following situations occur:

- a. The BROTS Cap is raised; or
- b. The square footage under the BROTS Cap currently allocated becomes unallocated; or
- c. The City does not allocate all of the square footage that has been applied for pursuant to development agreement applications currently on file; or
- d. The BROTS Cap expires and is not renewed.

Under any of the above situations Microsoft shall automatically, without the need for any further action by any party, have the right to use any of the square footage made

available for reduction of the Holdback and the square footage shall be considered transferred to Microsoft unless Microsoft expressly declines the transfer within ten days of it becoming available.

Any existing developed gross floor area on the Property or vested on properties subsequently made subject to this Agreement shall not be counted towards the Additional Development. If this Agreement is amended to eliminate portions of the Property from coverage by this Agreement, then the Additional Development shall be reduced by the amount of gross floor area that could be constructed on the eliminated property at a floor area ratio of 0.40 unless such gross floor area has been transferred to another property that is subject to this Agreement.

The Additional Development shall be constructed on that portion of the Property more particularly described on Exhibit C attached hereto and incorporated herein by this reference ("Main Campus") and on that portion of the Property more particularly described on Exhibit D attached hereto and incorporated herein by this reference ("West Campus"). Any amount of the Additional Development may be built on any parcel on the Main Campus or the West Campus regardless of floor area ratio limits in the RCDG as long as the total net new square feet of gross floor area for the Property does not exceed that set forth on Exhibit B. There is no required phasing of the Additional Development. Microsoft may develop any amount of gross floor area on either the West Campus or the Main Campus at any time.

2. Development Approval Process. The Additional Development shall be approved through the site plan entitlement process as provided in the RCDG. The City shall not impose any condition on the Additional Development that is inconsistent with any provision of this Agreement unless necessary on account of a serious threat to public health and safety.

3. Relationship to "BROTS" and Other Interlocal Agreements. The City and Microsoft recognize that compliance with the "Interlocal Agreement Regarding Land Use Planning and the Funding and Construction of Transportation Improvements in the Bel-Red/Overlake Transportations Study Area" commonly referred to as "BROTS" as jointly approved by the respective city councils on September 30, 1999 and as subsequently jointly amended, is required notwithstanding the execution of this Agreement. Further, both the City and Microsoft recognize that the Additional Development is consistent with and will remain consistent with the BROTS Agreement. Any development proposed under this Agreement will be subject to and fully follow the processes and the mitigation of traffic impacts for the "non-lead city" as set forth in Exhibit F to the BROTS Agreement until September 30, 2012 or any sooner date upon which BROTS is terminated. Following expiration of the BROTS Agreement, other procedures in lieu of the procedures set forth in Exhibit F may be utilized if mutually agreed to by Microsoft and the City.

4. Density Transfer. The density transfer interpretation issued by the City in a letter dated December 18, 2003, which is attached hereto as Exhibit E and incorporated herein by this reference, shall apply to all development rights for the Property.

5. Street Right-of-Way Vacation/Floor Area Ratio. If Microsoft requests the City to do so, the City shall process an application for vacation of any of the public street rights-of-way located on the Property. Any vacation will follow the prescribed City review process. Microsoft recognizes that right-of-way vacations are governed by separate procedures outlined in RCDG Section 20F.40.100, and any gross floor area that may be obtained pursuant to the right-of-way vacation cannot be used prior to completion of such procedures. The City Council may approve, approve with conditions, or deny the requested vacation. An issue that may be considered by the City Council during consideration of a requested right-of-way vacation is whether any easements are necessary for appropriate transit service. Any compensation for any street vacation, required pursuant to the Revised Code of Washington, shall be paid to the City upon vacation of the street right-of-way as required by law. Microsoft shall be entitled to develop building square footage equal to the square footage of the vacated street right-of-way multiplied by a floor area ratio of 0.40 unless TDRs are used to increase the floor area ratio. The developable building square footage that will result from this Section 5 is included in the Additional Development defined in Section 1. Notwithstanding any street right-of-way vacations, Microsoft shall maintain an open character to its campus from the perspective of persons outside the campus; provided that Microsoft shall be allowed to implement any measures it deems necessary for the security of its facilities and its employees.

6. Transportation Demand Management and Parking

a. Transportation Demand Management. Through this Agreement, the City and Microsoft wish to explore improved partnership in the area of transportation demand management and single occupancy vehicle ("SOV") rate reduction.

i. The City and Microsoft agree on the following background statements relative to transportation demand management:

(1) Managing and reducing single occupant trip rates for employees at Microsoft's Redmond Campuses is a critical element of a balanced transportation program to support Microsoft's continued operation and development. Both parties support the goal of reducing SOV rates at Microsoft's Redmond campuses.

(2) Transportation demand management is a key element of the City's comprehensive plan to ensure mobility to and within the City.

(3) Effective demand management programs provide an appropriate balance of supply and demand strategies, properly reflecting the nature of the target employee population, the local transportation infrastructure, the operating requirements of the employer, and local transportation requirements.

(4) Being able to convene effectively its workforce at its Redmond campuses and operate those campuses in an efficient manner are key corporate business function requirements for Microsoft. Demand management programs should be designed to ensure that program elements do not interfere with Microsoft's requirements for convening its workforce or operating its campus in an efficient manner while providing effective tools for reducing SOV use.

(5) Microsoft's current campus-wide SOV rate of 72% is significantly lower than the 78% SOV rate which was assumed for the Microsoft campuses for the year 2012 planning horizon in the BROTS II study, Overlake Neighborhood Plan, and associated Planned Action Ordinance.

(6) Microsoft has in place an existing Transportation Management Program (TMP) which the City has approved, which includes SOV reduction targets and accompanying program elements, and which meets all state and local trip demand management requirements. That TMP requires that Microsoft target achieving peak hour SOV rates at 70% or lower, and Microsoft has consistently complied with TMP requirements to work towards that target.

(7) Microsoft is interested in working collaboratively with the City so the design and construction of the Additional Development will be compatible with future high capacity transit in Overlake.

ii. Accordingly, Microsoft and the City shall collaborate to re-evaluate the Microsoft TMP through a study, with the following general objectives:

(1) Identify updated peak hour SOV rate targets, to serve as the basis for Microsoft's TMP, as well as support long range land use and transportation planning efforts. The updated peak hour SOV targets to be identified shall improve measurably upon the current goal of 70% identified in the current Microsoft TMP.

(2) Develop joint recommendations for an updated comprehensive demand management strategy for Microsoft's Redmond campuses, which will include an appropriate balance of supply and demand side programs.

(3) Provide explicit coordination with local and regional transit, bicycle, and pedestrian plans and policies, and integrate transportation planning which both parties have outlined in Section 10 of this Agreement.

(4) Ensure a focus on evaluating and demonstrating innovative approaches to demand reduction that can be extended to other employers and/or neighborhoods.

(5) Ensure consultation and coordination with the Greater Redmond Transportation Management Association.

(6) Recognize and leverage the strong technological focus of Microsoft's Redmond campuses and build demand management program recommendations which leverage that technological focus.

(7) Recognize and leverage the unique characteristics of the Microsoft campuses (size, workforce demographics, commute patterns, technological focus) and assemble strategies which align with those characteristics while reducing SOV rates.

(8) Recognize Microsoft's core business requirements to convene its workforce at the Redmond campuses and operate the campuses in an efficient manner.

(9) Ensure allocation of adequate staffing by the City and Microsoft, with the knowledge, resource availability, and decision-making power, to support completion of the agreed work plan.

iii. Microsoft shall provide a report to the Redmond City Council, no later than June 1, 2006, which summarizes background findings, identifies updated demand management and SOV target goals, describes recommended program strategies that support those goals, provides an implementation plan and schedule, and produce recommended amendments, as necessary, to develop a revised Microsoft TMP. Study results and City Council recommendations will be considered for inclusion in a revised TMP. Upon completion of the revised TMP, all Microsoft owned facilities in Redmond will be bound by the revised TMP.

iv. Until revised, the current Microsoft TMP shall continue to apply to existing Microsoft facilities in Redmond, and the Additional Development shall be bound by the terms of the Microsoft TMP existing at time of adoption of this Agreement.

v. The City may not require modifications to Microsoft's TMP as a condition of approving the Additional Development. Consistent with current City regulations, modifications to Microsoft's TMP may only be required by the City due to Microsoft's failure to make progress towards the SOV targets stated in the TMP and shall follow the change procedure stated in the TMP.

vi. To the extent that a modified or restructured Microsoft TMP jointly adopted by Microsoft and the City as a result of the collaborative efforts described in Section 6.a.ii above, then all of Microsoft's facilities in Redmond and any Additional Development shall be bound by the terms of the revised TMP.

b. Parking. Microsoft shall provide parking for the Additional Development in accordance with this Section 6.b. Microsoft shall be allowed to

construct a total of 7,850 net new parking stalls for the Additional Development. Microsoft, at its option, may elect to construct less than the 7,850 net new parking stalls. Microsoft shall be allowed to allocate, in its sole discretion, the net new parking stalls between the Main Campus and the West Campus and between individual developments within those campuses, even if an individual project has more or less parking than would be required by the RCDG for an individual project. If the public rights-of-way within Main Campus are not vacated and if TDRs are not used to provide equivalent gross floor area, the 7,850 net new parking stalls shall be reduced by the same number of parking stalls that were represented by the right-of-way that was not vacated or replaced by gross floor area from TDRs. Microsoft shall be allowed to supply the parking built in support of the Additional Development in above-grade parking structures, under-building parking structures, or surface parking lots, and any parking stalls demolished during construction of the Additional Development may be reconstructed and will not count against the 7,850 stall limitation. Microsoft may utilize TDRs to provide additional parking, beyond the 7,850 net new parking stalls, for the Additional Development.

7. Transportation Concurrency. All of the Additional Development shall be deemed to have met transportation system concurrency requirements, provided that Microsoft pays the following amounts for the designated improvements and such payments are made upon request by the City at the time the City approves a design contract for each of the improvements listed below:

<u>Payment</u>	<u>Transportation Improvement</u>
\$ 325,000	New signal at Old Redmond Road/WLSP (TIP S-32)
\$1,200,000	Rechannelization improvements ELSP and NE 65 th Street - additional NB through lane (TFP-807-01)
\$ 325,000	New signal at NE 116 th St./172 nd Ave. NE (TFP-105)

Within ten days after this Agreement is recorded, the City shall issue a Certificate of Concurrency for the Additional Development with an expiration date that is the same as the expiration date of this Agreement. No additional transportation analysis and no additional transportation concurrency certificates shall be required for Microsoft to construct all of the Additional Development except for such transportation analysis as is required to be submitted to the City of Bellevue pursuant to that certain Interlocal Agreement Between the Cities of Bellevue and Redmond Regarding Land Use Planning and the Funding and Construction of Transportation Improvements in the Bel-Red/Overlake Transportation Study Area, approved September 30, 1999. Microsoft may construct as much of the Additional Development in any calendar year as it desires; no phasing of the Additional Development is required.

8. Mitigation of Transportation Impacts. Microsoft shall mitigate the transportation impacts associated with the Additional Development by performing the following:

a. Construction of Transportation Improvements. Microsoft shall construct both the Transportation Facility Plan Related Mitigation Improvements and Project Related Mitigation Improvements set forth on Exhibit F attached hereto and incorporated herein by this reference. The City shall, if needed, support right-of-way acquisitions on any non-Microsoft owned properties that are needed to accommodate any of the proposed transportation improvements shown on Exhibit F. The transportation improvements shall be designed and constructed in accordance with all City codes and accepted engineering practices and shall be constructed in accordance with the following schedule:

Transportation Facility Plan Related Mitigation Improvements (BROTS projects)

- i. NE 40th St/159th Ave NE – (BROTS 4.1) – Construct an additional northbound left-turn lane. Construction planned to be complete by June 30, 2007 or concurrent with the construction of the first new building on the Main Campus subsequent to this Agreement.
- ii. NE 40th St/150th Ave NE (West) – (BROTS 8.1) – Construct a northbound right-turn lane. Beginning of construction planned to coincide with the earlier of (a) the extension of 150th Ave NE (West) between NE 40th and NE 36th, or (b) with the construction of any new building on the West Campus within the area west of 150th Ave (East).
- iii. NE 36th St/148th Ave NE – (BROTS 79.0) – Construct dual southbound left-turn lanes and widen the westbound approach to accommodate a left, shared left-through, and right-turn lanes. Construction planned to coincide with the development of any new (not remodeled) building on West Campus.
- iv. Bel-Red/156th Ave NE – (BROTS 22.3) – Construct a southbound right-turn lane. Construction planned to begin after the construction of at least 1,400,000 net new gross square feet on the Main campus, or sooner at Microsoft's option.

Project Related Mitigation Improvements

- i. NE 40th St/163rd Ave NE – Install a traffic signal and an eastbound right-turn lane. Construction planned to be complete by June 30, 2007 or concurrent with construction of the first new building on Main Campus subsequent to this Agreement.
- ii. NE 36th St/156th Ave NE – Construct an additional southbound left-turn lane. Construction planned to be complete by June 30, 2007 or

concurrent with construction of the first new building on Main Campus subsequent to this Agreement.

- iii. NE 31st St/156th Ave NE – Construct an additional westbound left-turn lane. Beginning of construction planned to coincide with the earlier of (a) the internal Main Campus realignment of 157th Ave NE between NE 31st St and 159th Ave NE, or (b) concurrent with the construction of 1,000,000 net new gross square feet on the Main Campus.

b. Bel-Red Road Access. As provided in that certain Building 36/Bel-Red Road Agreement dated December 2, 2002 by and between Microsoft and the City, Microsoft may construct an access to the Property from Bel-Red Road. Microsoft's access shall be constructed so it is aligned with the intersection of Bel-Red Road and NE 30th Street which is planned to be built by the City of Bellevue. Specific design elements to prohibit traffic from the Main Campus from cutting through the Sherwood Forest neighborhood shall be approved in collaboration with the City after further direction from the City of Bellevue.

c. 150th Avenue NE (East) ROW Vacation and 150th Avenue NE (West) Extension. If Microsoft requests the City to do so, the City shall process within six months an application to vacate the public right-of-way on the existing 150th Avenue NE (East), and City staff shall support and endorse such application. In addition, Microsoft shall provide a signalized connection to the West Campus just east of 150th Avenue NE (East) aligned with the Microsoft Building 121/122 driveway on NE 40th Street. The intersection of 150th Avenue NE (East) shall be removed and Microsoft shall install a new signal at the new intersection formed by the Building 121/122 Driveway/West Campus Connection/NE 40th Street. To replace the existing public connection between NE 40th Street and NE 36th Street, Microsoft shall extend 150th Avenue NE (West) to NE 36th Street as public right-of-way. The realigned 150th Avenue NE (West) shall be a public street and shall be classified as a collector street, consistent with the draft Transportation Master Plan. If Microsoft elects to perform this transportation system modification, construction is expected, but not required, to occur prior to 2012.

d. Traffic Impact Fees. In consideration of Microsoft constructing the transportation improvements set forth on Exhibit F and in Section 7, the City shall credit against traffic impact fees due to Redmond the cost for the design and construction of improvements made and listed in the Redmond Transportation Facilities Plan or subsequently added to the plan or its successor. City staff shall propose for City Council decision the inclusion in the Transportation Facilities Plan of all transportation improvements made and listed in Section 8.a as Project Related Mitigation Improvements, the NE 36th Street Overpass, and the improvements listed in Section 7. This Agreement does not relieve Microsoft of any obligations for traffic impact fees pursuant to interlocal agreements with the City of Bellevue (City of Redmond Ordinance Nos. 2025, 2026, and 2027) and King County (City of Redmond Ordinance No. 2056).

e. Frontage Improvements. Microsoft shall construct all public street improvements along the frontage of the individual parcels as they develop and as required by the RCDG. Frontage improvements may include, but are not limited to: property dedications, pavement widening, curb, gutter, planter strips, sidewalks, storm drainage, street lights and placement of aerial utilities underground.

9. SR520/NE 36th Street Overpass. Through this Agreement, Microsoft is committed to providing greater mobility in the Overlake area. Microsoft requests the City to work with Microsoft to provide an overpass across SR 520 in the vicinity of NE 36th Street in order to provide increased network grid diversity for local multi-modal trips traveling east-west and north-south in the area bounded by NE 40th Street, 148th Avenue NE, NE 20th Street, and 156th Avenue NE. Although such an overpass is not required in order to mitigate in any way the transportation impacts of the Additional Development, Microsoft shall work with the City as set forth in this Section 9 to support the design, environmental review, and construction of an overpass in the vicinity of NE 36th Street. This overpass will include a pedestrian/bicycle lane which will augment but not replace Project #B16 on the 2004-2009 Transportation Improvement Plan. The City of Redmond shall be the lead agency for the conduct of environmental review, and the City shall undertake the necessary processes required for consideration of the addition of the overpass to its Comprehensive Plan, Transportation Facilities Plan, and impact fee list during calendar year 2005. Microsoft shall fund 70% of the cost of the overpass project provided the following conditions are met:

a. The City shall provide funding allocations from local public revenue sources or government grants in order to provide the remaining 30% of the funding for the overpass.

b. The City shall coordinate with Microsoft to pursue grant funding at the regional, state, and/or federal level to support construction of the overpass. To the extent any grants are secured, those grants shall reduce the overall cost of the overpass prior to the allocation of the 70/30 funding obligations.

c. The City shall, if needed, support the acquisition of right-of-way including the exercise of its power of eminent domain if needed to accomplish construction of the overpass. Any expenses incurred by the City shall be included in the cost of the overpass. Microsoft shall dedicate any of its real property needed for right-of-way for the overpass, but the fair market value of such real property shall be credited toward Microsoft's 70% share of the cost of the overpass.

d. If the final construction cost estimate for the overpass exceeds \$25 million, either party may determine that the overpass shall not be built, and neither party shall have any further obligations pursuant to this Section 9.

10. Transportation Advocacy. Microsoft shall work with the City to advocate local and regional transportation solutions of mutual benefit to improve access to the

Overlake area and to address transportation problems and congestion generated by existing and future development in the Overlake area.

a. Regional Advocacy. The City and Microsoft recognize that improving capacity and mobility on SR 520 and I-405 are necessary to support regional mobility and will jointly advocate for roadway and transit improvements on these facilities, as determined by the City. In order to advance the planning, design and implementation of improvements to the SR-520 corridor to be commensurate with the I-405 corridor; priority will be given to the SR-520 corridor. In addition, the City and Microsoft will work to generate the necessary support for High Capacity Transit to serve both Overlake and Downtown Redmond centers. Microsoft shall work with the City to develop and update, on an annual basis, a joint regional transportation policy strategy, and coordinate advocacy activities in support of that strategy.

b. Local Advocacy. Primary emphasis will be placed on enhancing and expanding local transit infrastructure and service. Microsoft shall work with the City to develop and update, on an annual basis, a joint local transportation policy strategy, and coordinate advocacy activities in support of that strategy.

11. 40th Street Corridor Enhancement. Microsoft shall pay 50% of the cost, up to a maximum contribution of \$200,000.00, to study and plan a corridor enhancement plan for the NE 40th Street corridor between 148th Avenue NE and Bel-Red Road in order to advance the current comprehensive plan goals for this corridor, identify necessary modifications to enhance this corridor's appearance consistent with Microsoft's and the City's goals. The study will not commit either Microsoft or the City to fund construction of improvements identified by the study.

12. Landscape Buffering and Tree Protection. In constructing the development contemplated by this Agreement, Microsoft shall undertake the following actions to provide landscape buffers and protect significant trees:

a. Bel-Red Road Buffer. Microsoft shall construct a buffer along Bel-Red Road as shown on Exhibit G attached hereto and incorporated herein by this reference. Implementation of the buffer improvements shown on Exhibit H complies with and satisfies all the requirements of RCDG 20C.70.35.020(2). The buffer shall be implemented prior to occupancy of the first new building or buildings on Main Campus, subsequent to the date of this Agreement, exceeding 25,000 square feet. To guarantee maintenance and survival of new plant materials, Microsoft shall install a temporary irrigation system and shall post performance and maintenance bonds for a period of one year.

b. Tree Protection Plan. Microsoft shall protect significant trees, as defined in the RCDG, on the Property in accordance with the plan set forth on Exhibit H attached hereto and incorporated herein by this reference and in accordance with the following provisions:

- i. An aggregate of 46% of the significant trees on the Property shall be protected.
- ii. An aggregate of 50% of the significant trees on the Main Campus shall be protected in accordance with the quantities indicated on Exhibit J. The percentage of trees protected with individual development projects may vary as long as the aggregate total is achieved for Main Campus.
- iii. An aggregate of 27% of the significant trees on the West Campus shall be protected in accordance with the quantities indicated on Exhibit J. In order to meet the 35% tree retention requirement, Microsoft would be required to retain an additional 125 significant trees. However to meet the intent of saving 35% of the significant trees on the West Campus, Microsoft shall, within one year of the recording of this Agreement, plant 125 evergreen trees six to eight feet in height in locations to be mutually agreed upon by Microsoft and the City. These additional trees shall be planted in open space portions of the West Campus, not intended for future development, with the intent of enhancing existing groves of trees or creating new groves of trees. The trees will not be used in calculations for any other landscape requirements. Microsoft shall guarantee these additional planted trees with a performance bond to be held by the City until such time that the trees have grown to a size of six inches in caliper or it is determined that they are not required to achieve the 35% significant tree protection standard for West Campus, at which time the bond shall be released. The percentage of trees protected with individual development projects may vary as long as the aggregate total is achieved for West Campus.
- iv. Trees already designated as protected subsequent to October 1998, which include protected trees designated during the approval of Buildings 34, 35, 36, 50, 121, 122, and 123 shall remain protected above and beyond the balance of the trees that must be protected pursuant to this Agreement. Notwithstanding the foregoing, no tree retention shall be required for development applications that include only open space areas such as sports fields.
- v. In accordance with the Tree Preservation ordinance, all removed significant trees shall be replaced at a ratio of 1:1. Additionally, removal of landmark trees shall require review and approval of a Special Exception Request as provided for in the Tree Preservation Ordinance. Approval for removal of landmark trees shall not be unreasonably held by the City, but reviewed on a case by case basis, and landmark trees that are removed shall be replaced at a ratio of 6:1 with trees complying with the requirements of RCDG 20D.80.20-080(5).

13. Stormwater Detention and Treatment

- a. General Standards. All new development shall comply with the stormwater quantity (detention) and quality controls that are in effect on the date of this Agreement unless an acute health crisis for humans or animals will be lessened if Microsoft is required to comply with the then current stormwater quantity and quality controls. Current city-wide standards for stormwater quantity (detention) and quality controls consist of the 2001 Department of Ecology ("DOE") Stormwater Management Manual for Western Washington (the "2001 DOE Manual") as modified by the City Of Redmond – Clearing, Grading and Stormwater Management Technical Notebook (the "Stormwater Technical Manual") Issue Number 4, effective Oct. 1, 2004.
- b. Detention Facilities. Microsoft shall be allowed to detain in underground vaults all stormwater required to be detained as a result of the Additional Development.
- c. Stormwater Quality – Treatment. Microsoft shall be allowed to use underground cartridge filter vaults or equivalent technology to mitigate for stormwater quality treatment for all Additional Development located on private property. Additionally, stormwater that reaches Lake Sammamish from Additional Development on the Main Campus will require supplemental phosphorus control for which Microsoft will be allowed to use a combination of underground cartridge filter vaults or equivalent technology and a landscape management plan to mitigate for phosphorus control based on the Stormwater Technical Manual. Microsoft recognizes that stormwater quality treatment science is evolving, and if Microsoft determines there is no significant financial impact to individual development projects on the Property and there is no impact on the ability to construct the Additional Development, Microsoft shall implement stormwater quality treatment technology available at the time of each individual development project.
- d. Basin Facility Improvements and Detention Standards.
 - i. Bel-Red Basin. Microsoft recognizes the objective to provide adequate water quality and quantity controls sufficient to protect and support the riparian habitat within the Bel-Red Basin. In recognition of this objective, Microsoft agrees to complete by June 1, 2006 or the issuance of building permits for any Additional Development within the basin, whichever occurs first, a stormwater master plan and downstream analysis for the basin and include within this plan a list of any facilities and improvements needed to achieve this objective as well as a timeline for implementation of facilities and improvements on property owned by Microsoft with which Microsoft shall comply. Microsoft shall not be obligated to construct or implement any improvements on property not owned by Microsoft. In support of the master plan's implementation, the City shall accept all detention and release rate standards supported by the conclusions set forth in the plan in lieu of the standards included within the Stormwater Technical Manual, as long as Microsoft is complying with the requirements established above. Implementation of the master plan shall not begin until issuance of the first building permit for Additional Development in this basin.

ii. NE 40th Street Basin. No detention shall be required within this basin so long as Additional Development in the NE 40th Street Drainage Basin, depicted on Exhibit I attached herein by this reference (the "Drainage Basin Map"), will provide stormwater quality controls in effect on the date of this Agreement and will be consistent with the NE 40th Street Drainage Trunk line Analysis Report - dated January 2005.

iii. SR 520/Sears Creek Basin. The standards contained within the Stormwater Technical Manual for water quality and detention shall be utilized for Additional Development within this basin. In compliance with RCDG standards for new development, detention and water quality shall be provided for the entire site concurrently with any development on the site. For purposes of stormwater management, a site shall be defined as the parcel, or parcels, of land as delineated in Exhibits C and D, as they may be modified through a lot line adjustment or binding site plan amendment, on which the portion of the Additional Development is proposed.

iv. Sammamish River Basin. The standards contained in the Stormwater Technical Manual for water quality and detention shall be utilized for Additional Development within this basin. In compliance with RCDG standards for new development, detention and water quality shall be provided for the entire site concurrently with any development on the site. For purposes of stormwater management, a site shall be defined as the parcel, or parcels, of land as delineated in Exhibits C and D, as they may be modified through a lot line adjustment or binding site plan amendment, on which the portion of the Additional Development is proposed.

e. Additional Detention. Microsoft shall not be required to bring existing development into compliance with stormwater detention requirements adopted subsequent to the construction of the existing development except as noted in this Section 13.

14. Public Utilities. So long as the requirements of this Section 14 are met, and provided further that the City is not in the midst of an unforeseen and unavoidable water or sewer capacity crisis, which is out of the City's control during the term of this Agreement, the City and Microsoft agree that sufficient sewer and water capacity will exist for the development contemplated by this Agreement. Further, the City shall not withhold any site plan entitlement review or building permit approval on account of insufficient water or sanitary sewer capacity to accommodate the development unless such a declaration is made. In the event that the City declares such a crisis during the term of the Agreement, the City shall reserve the next available water and/or sewer capacity for the square footage covered by this Agreement. Microsoft shall notify the City at the earliest possible date on related development size and schedule of future development under this Agreement to provide the City with advance planning for utility service. Microsoft acknowledges that some smaller on-site water and sewer mains may need to be replaced in order to achieve adequate fire flow and conveyance capacity for the demand of the proposed development. These miscellaneous utility line improvements

will be addressed through the City's site plan entitlement process at the time of individual project development. The following conditions shall apply to the provision of sewer and water service to the Additional Development.

a. Utilities in Non-Paved Areas. The Additional Development will generate conditions where some of the existing and proposed water and sewer lines will be located outside of public rights-of-way. Microsoft shall be allowed to locate existing and proposed connecting sewer and water lines outside of the public rights-of-way, provided those utility lines are located in a new or an existing public easement in a location and form acceptable to the City for those utility lines. Where sewer and water lines are located in non-paved areas, Microsoft shall be allowed to construct non-paved ground surfaces above those public or private utilities; so long as drivable access is provided to all manholes and fire hydrants. This access shall provide turning radii and loading as appropriate for maintenance vehicles. The non-paved surfaces that may be constructed shall include, but are not limited to, lawns, turf fields, gravel and ornamental pavers. In the event that the City disturbs the ground surfacing in the course of maintaining, repairing, or reconstructing its utilities within an easement area, the City shall be responsible for surface restoration as follows: In paved or hardscaped areas, the City will restore the disturbed area with asphalt paving; in planted softscape areas, the City will stabilize the disturbed area after backfilling with seeding and /or mulch as necessary for erosion control. Any further restoration of the ground surface shall be the responsibility of Microsoft. Trees, structures and retaining walls shall not be constructed over any sewer or water lines.

b. Off-Site Sewer Trunkline Reconstruction. Portions of the Property are located in the Overlake South Sewer Basin. The Redmond General Sewer Plan identifies that the downstream sewer trunk needs to be reconstructed to serve future development in this basin. The City of Redmond has used SEPA to mitigate the impact of developments in the basin by charging a mitigation fee for sewer service. The City has used this mitigation money to fund and construct the first phase of the Overlake South Trunk reconstruction. The City has remaining surplus mitigation money intended for the future Phase 2 and Phase 3 of this sewer reconstruction project. Phase 2 of the project consists of constructing a new 18" sewer from the end of Phase 1 in NE 20th Street, South to Bellevue Redmond Road and then west along Bellevue Redmond Road to the existing King County Interceptor. Phase 3 of the project consists of constructing a new 15" sewer from the end of Phase 1 in 152nd Avenue NE to the pipe crossing SR520. The City shall make every possible effort to design and construct Phase 2 and Phase 3 of the Overlake South Trunk reconstruction project prior to December 31, 2007. As mitigation for the Additional Development, Microsoft shall contribute up to \$4 million to be combined with the surplus mitigation money previously collected by the City, for the purpose of constructing Phase 2 and Phase 3 of the Overlake South Trunk reconstruction. The City shall contribute the \$1.2 million it has collected from sewer impact fees toward the design and construction cost of this sewer trunk reconstruction project. Microsoft will contribute the remaining funds to construct the sewer trunk reconstruction project, up to a total of \$4 million, at the time the construction contract is awarded. If the cost of the sewer trunk reconstruction project exceeds \$5.2 million, the City and Microsoft shall

pursue other means of financing the excess costs. At the completion of the sewer reconstruction project, an audit will be performed, and all remaining unused funds received by the City will be refunded to Microsoft. The City shall approve a reimbursement agreement in accordance with Redmond Municipal code Chapter 13.12 for reimbursement from properties that may be deemed to benefit from the Overlake South Trunk improvements. The City shall not withhold any site plan entitlement or building permit approval on account of insufficient sanitary sewer capacity to accommodate the Additional Development.

15. Environmental Review. The environmental review conducted pursuant to the State Environmental Policy Act ("SEPA") for the Additional Development shall occur in accordance with the provisions of this Section 15. Prior to 2012 and the expiration of the existing Planned Action Ordinance for the Overlake neighborhood, that Planned Action Ordinance shall be utilized to satisfy the requirements of SEPA for each component of the Additional Development as it is submitted to the City for review and approval, subject to verification using the planned action review procedures set forth in WAC 197-11-172 and the Planned Action Ordinance.

The Additional Development is within the scope of environmental review that has already been conducted by the City of Redmond. Therefore, if the City adopts a new Planned Action Ordinance prior to 2012 and the new Planned Action Ordinance includes the Additional Development, the new Planned Action Ordinance shall apply to the Additional Development and shall be utilized to satisfy the requirements of SEPA, subject to verification using the planned action review procedures set forth in WAC 197-11-172 and the new Planned Action Ordinance, but no additional conditions shall be imposed on the Additional Development unless required on account of a serious threat to public health and safety, or as necessary to comply with Section 3 of this Agreement.

If the current Planned Action Ordinance expires and the City does not adopt a new Planned Action Ordinance, the City shall conduct environmental review on any portion of the Additional Development thereafter applied for using the applicable SEPA procedures. The City agrees to utilize the provisions of WAC 197-11-630 and, to the extent consistent with that Section, adopt the environmental documents prepared for adoption of the Bellevue-Redmond Overlake Transportation Study Update, for adoption of the City of Redmond Comprehensive Plan, for adoption of the Overlake Neighborhood Plan, and any other relevant environmental documents prepared subsequent to the date of this agreement; in order to satisfy the requirements of SEPA for construction of the remaining Additional Development. In order for these documents to be utilized the City may require additional environmental information in order to maintain their relevancy. However, no additional conditions shall be imposed on the Additional Development unless required due to a serious threat to public health and safety or as necessary to comply with Section 3 of this Agreement.

16. Vested Rights. The provisions of the RCDG in effect on the date of this Agreement shall apply to all Additional Development, except as otherwise provided in this Agreement or by state or federally mandated laws preempting the City's authority to

vest regulations for the Additional Development, and excluding revisions to plan review fees, impact fees, and building and fire codes. Any amendments or additions made during the term of this Agreement to zoning or development regulations, transportation concurrency regulations, SEPA regulations and substantive SEPA policies or other laws, ordinances, comprehensive plan policies or other policies governing land development which may be applicable to the Additional Development shall not apply to or affect the conditions of the Additional Development. However, pursuant to RCW 36.70B.170(4) the City reserves authority to impose new or different officially adopted regulations of general applicability, but only if, and to the extent required by a serious threat to public health and safety, as determined by the City Council after notice and an opportunity to be heard has been provided to Microsoft. The Additional Development shall be vested to the development regulations in effect on the date of this Agreement. Microsoft may request to be bound by future amendments to the RCDG or the Redmond Municipal Code, and such request shall be approved administratively provided that, as a result of being subject to such amendment(s), the Additional Development will meet the following criteria: no new land use is proposed; no reduction in the amount of landscaping is proposing; no reduction in the amount of parking is proposed; and no increase in the total square footage of structures to be developed is proposed. Except for the termination date, any of the dates set forth in this Agreement may be revised administratively by agreement between Microsoft and City staff.

Otherwise, the request to be bound by the future amendment(s) shall be reviewed by the City Council, pursuant to Section 19 below, as an amendment to this Agreement. The Additional Development shall not be subject to any development moratoria the City may adopt subsequent to the date of this Agreement unless necessitated by a serious threat to the public health, safety, and welfare.

17. Biennial Review. Microsoft and the City shall meet two years after the date of this Agreement and every two years thereafter to review Microsoft's progress in developing the real property subject to this Agreement.

18. Term. The term of this Agreement shall be 20 years or until the completion of 2,195,488 gross square feet of net new Additional Development, whichever occurs first. The City and Microsoft may agree to extend the term of the Agreement, provided that such extension is approved by the City Council.

19. Amendment of Agreement. Any amendment to this Agreement shall require review by the City Council unless administrative approval is specifically authorized by this Agreement.

20. Recording. This Agreement shall be recorded in the records of King County, Washington.

21. Successors and Assigns. This Agreement shall be specifically between the City and Microsoft and its successors and may not be assigned in whole or part.

22. Attorneys' Fees. In the event of any dispute concerning this Agreement, the substantially prevailing party shall be entitled to receive its attorneys' fees and costs at trial, at any alternative dispute resolution proceeding and on appeal.

23. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington.

24. Exhibits. This Agreement includes the following exhibits:

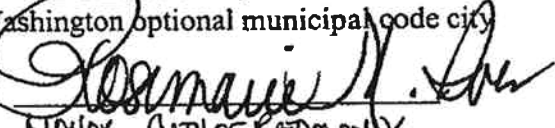
- a. Exhibit A - Legal Description of Property
- b. Exhibit B - Additional Development
- c. Exhibit C - Legal Description of Main Campus
- d. Exhibit D - Legal Description of West Campus
- e. Exhibit E - Density Transfer Interpretation
- f. Exhibit F - Required Transportation Improvements
- g. Exhibit G - Bel-Red Road Buffer
- h. Exhibit H - Tree Retention Plan
- i. Exhibit I - Drainage Basin Map

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

MICROSOFT CORPORATION,
a Washington corporation

By: 
Its: Chris R. Owens
General Manager

Real Estate & Facilities
CITY OF REDMOND,
a Washington optional municipal code city

By: 
Its: MAYOR, CITY OF REDMOND

ATTEST:

[Signature]
City Clerk

APPROVED AS TO FORM:

[Signature]
City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me Chris R. Owens, to me known to be GM REEF of MICROSOFT CORPORATION, a Washington corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that Chris R. Owens is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 15th day of June, 2005.



Allison C. Gubata
Allison C. Gubata
(Print name of notary)
NOTARY PUBLIC in and for the
State of Washington, residing at Woodinville
My commission expires 9-29-08

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me ROSEMARIE N. IVES, to me known to be MAYOR of the CITY OF REDMOND, a Washington optional municipal code city that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that ROSEMARIE N. IVES is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 26 day of JUNE,
2005.



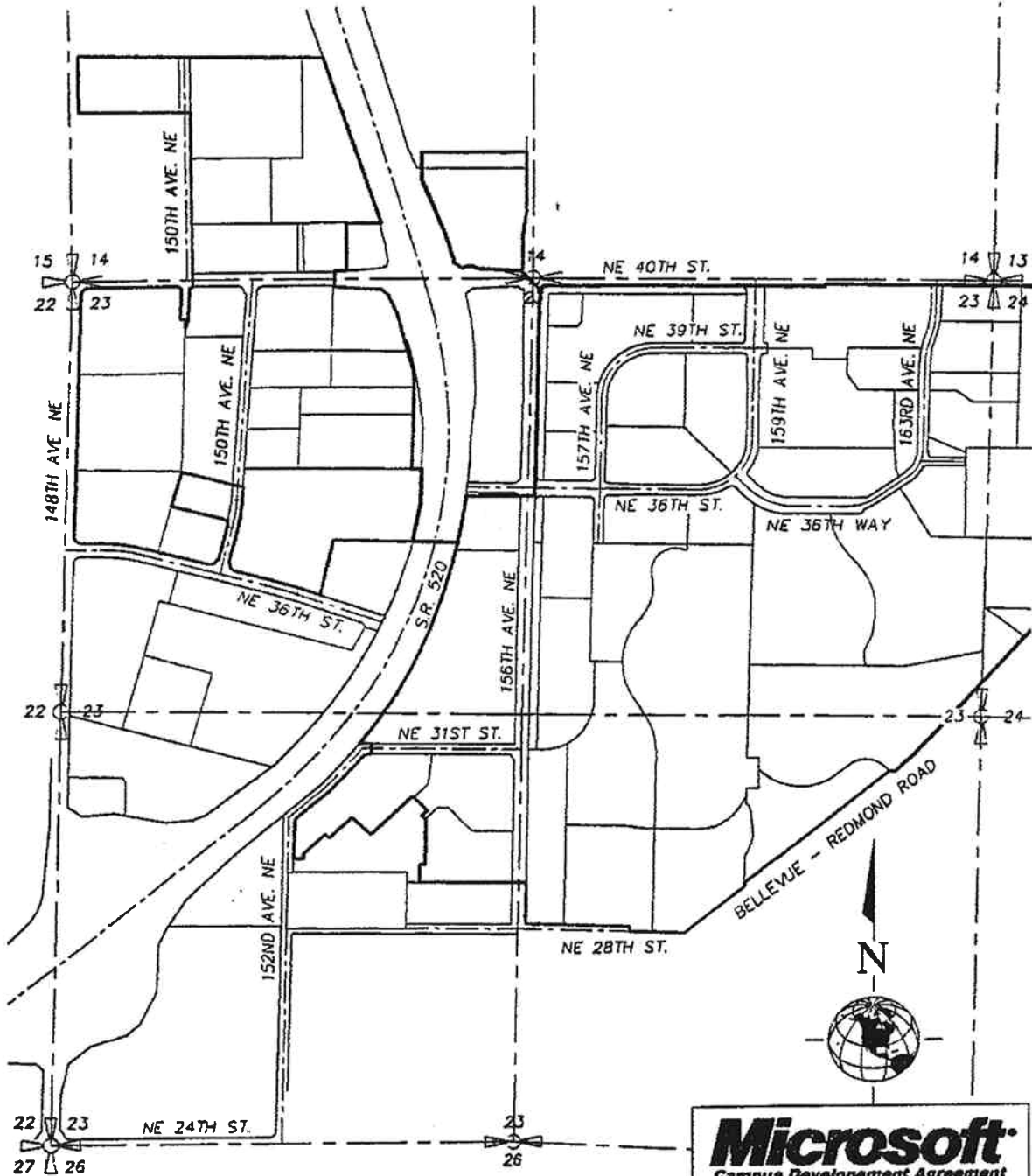


MALISA W. FILES

(Print name of notary)

NOTARY PUBLIC in and for the
State of Washington, residing at Redmond
My commission expires 4/15/2009

Exhibit A - Microsoft Campus



Microsoft
 Campus Development Agreement
 November, 2004

W&H
 PACIFIC

3269 Monte Vista Parkway
 Redmond, Washington 98001-8872
 (425) 881-4800
 (425) 881-4808 Fax
 www.wah.com

Exhibit A - Microsoft Campus

ALL THAT CERTAIN PROPERTY SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON, LYING WITHIN SECTION 23, THE NORTHWEST QUARTER OF SECTION 24 AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 24, THENCE S89°12'42"E ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 330.03 FEET; THENCE S00°47'18"W A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST. AND THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING S01°04'30"W A DISTANCE OF 1,918.14 FEET; THENCE S88°01'29"E A DISTANCE OF 103.85 FEET TO A POINT ON THE NORTH MARGIN OF BELLEVUE-REDMOND ROAD, THENCE S41°25'58"W ALONG SAID NORTH MARGIN A DISTANCE OF 1,074.33 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2,834.93 FEET AND A CENTRAL ANGLE OF 6°40'58", AN ARC LENGTH OF 330.66 FEET; THENCE NON-TANGENT TO THE PRECEDING CURVE N88°54'27"W A DISTANCE OF 29.46 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N41°26'45"W; THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 2,814.93 FEET AND A CENTRAL ANGLE OF 2°04'43", AN ARC LENGTH OF 102.12 FEET; THENCE TANGENT TO THE PRECEDING CURVE S50°37'58"W A DISTANCE OF 945.49 FEET; THENCE S01°04'31"W A DISTANCE OF 21.68 FEET; THENCE S50°37'58"W A DISTANCE OF 439.59 FEET; THENCE N88°05'47"W A DISTANCE OF 323.39 FEET; THENCE N01°07'07"E A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 28TH ST.; THENCE N88°05'47"W ALONG SAID NORTH MARGIN A DISTANCE OF 605.97 FEET; THENCE N43°50'37"W A DISTANCE OF 15.05 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE; THENCE N01°09'29"E ALONG SAID EAST MARGIN A DISTANCE OF 242.90 FEET; THENCE N89°34'56"W A DISTANCE OF 628.77 FEET; THENCE N00°25'04"E A DISTANCE OF 105.87 FEET; THENCE S89°34'56"E A DISTANCE OF 32.00 FEET; THENCE N00°25'04"E A DISTANCE OF 274.77 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE N45°25'04"E A DISTANCE OF 43.10 FEET; THENCE N44°34'56"W A DISTANCE OF 122.47 FEET; THENCE S45°25'04"W A DISTANCE OF 328.00 FEET; THENCE N44°34'56"W A DISTANCE OF 145.00 FEET; THENCE S45°25'04"W A DISTANCE OF 176.02 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE S45°25'04"W A DISTANCE OF 166.86 FEET; THENCE S00°25'04"W A DISTANCE OF 28.13 FEET; THENCE N89°34'56"W A DISTANCE OF 54.09 FEET TO A POINT ON THE EAST MARGIN OF 152ND AVE. NE; THENCE N01°11'22"E ALONG SAID EAST MARGIN A DISTANCE OF 209.18 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 47°52'59", AN ARC LENGTH OF 58.50 FEET; THENCE TANGENT TO THE PRECEDING CURVE N49°04'21"E A DISTANCE OF 219.59 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N46°47'42"W;



Exhibit A - Microsoft Campus

THENCE NORTHEASTERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,200.00 FEET AND A CENTRAL ANGLE OF 4°49'28", AN ARC LENGTH OF 269.45 FEET TO A POINT OF REVERSE CURVATURE;
THENCE TANGENT TO THE PRECEDING CURVE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 52°14'47", AN ARC LENGTH OF 63.83 FEET TO A POINT ON THE SOUTH MARGIN OF NE 31ST ST.;
THENCE RADIAL TO THE PRECEDING CURVE N00°37'37"E A DISTANCE OF 60.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 31ST ST.;
THENCE N89°22'23"W ALONG SAID NORTH MARGIN A DISTANCE OF 64.56 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520 AND THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N52°46'26"W;
THENCE NORTHERLY ALONG SAID EAST MARGIN AND CURVE, HAVING A RADIUS OF 3,140.00 FEET AND A CENTRAL ANGLE OF 14°30'45", AN ARC LENGTH OF 795.33 FEET;
THENCE NON-TANGENT TO THE PRECEDING CURVE N18°08'10"E A DISTANCE OF 240.50 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N71°40'44"W;
THENCE NORTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,130.00 FEET AND A CENTRAL ANGLE OF 5°53'28", AN ARC LENGTH OF 321.82 FEET;
THENCE N88°40'08"W A DISTANCE OF 704.91 FEET;
THENCE S12°10'31"W A DISTANCE OF 340.80 FEET TO A POINT ON THE NORTH MARGIN OF NE 36TH ST.;
THENCE N69°25'34"W ALONG SAID NORTH MARGIN A DISTANCE OF 117.56 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 2,040.00 FEET AND A CENTRAL ANGLE OF 5°18'02", AN ARC LENGTH OF 188.72 FEET;
THENCE TANGENT TO THE PRECEDING CURVE N74°43'36"W A DISTANCE OF 190.60 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°04'44", AN ARC LENGTH OF 61.49 FEET;
THENCE RADIAL TO THE PRECEDING CURVE N76°38'52"W A DISTANCE OF 10.00 FEET TO A POINT ON THE EAST MARGIN OF 150TH AVE. NE.;
THENCE N13°21'08"E ALONG SAID EAST MARGIN A DISTANCE OF 212.53 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1,030.00 FEET AND A CENTRAL ANGLE OF 9°47'20", AN ARC LENGTH OF 175.97 FEET;
THENCE TANGENT TO THE PRECEDING CURVE N03°33'48"E A DISTANCE OF 79.81 FEET;
THENCE N74°43'17"W A DISTANCE OF 364.45 FEET;
THENCE S15°16'43"W A DISTANCE OF 215.40 FEET;
THENCE S74°43'17"E A DISTANCE OF 339.44 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N78°58'17"W;
THENCE SOUTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 970.00 FEET AND A CENTRAL ANGLE OF 2°19'25", AN ARC LENGTH OF 39.34 FEET;
THENCE TANGENT TO THE PRECEDING CURVE S13°21'08"W A DISTANCE OF 207.16 FEET;
THENCE N76°38'52"W A DISTANCE OF 10.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N76°38'52"W;
THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 91°55'35", AN ARC LENGTH OF 64.18 FEET TO A POINT ON THE NORTH MARGIN OF NE 36TH ST.;
THENCE TANGENT TO THE PRECEDING CURVE N74°43'17"W ALONG SAID NORTH MARGIN A DISTANCE OF 366.09 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1,040.00 FEET AND A CENTRAL ANGLE OF 14°44'31", AN ARC LENGTH OF 267.59 FEET;
THENCE TANGENT TO THE PRECEDING CURVE N89°27'48"W A DISTANCE OF 111.41 FEET;

Microsoft
Campus Development Agreement
November, 2004

W&H
FACTORY

2330 Monte Vista Parkway
Bethell, Washington 98021-0078
(206) 461-0000
(206) 461-0000 Fax
w&h@w&h.com

Exhibit A - Microsoft Campus

THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 90°42'50", AN ARC LENGTH OF 63.33 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE;
THENCE TANGENT TO THE PRECEDING CURVE N01°15'02"E ALONG SAID EAST MARGIN A DISTANCE OF 1,485.45 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°46'38", AN ARC LENGTH OF 61.98 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST;
THENCE S89°58'20"E ALONG SAID SOUTH MARGIN A DISTANCE OF 511.27 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 91°13'22", AN ARC LENGTH OF 39.80 FEET;
THENCE TANGENT TO THE PRECEDING CURVE S01°15'02"W A DISTANCE OF 173.82 FEET;
THENCE S88°44'58"E A DISTANCE OF 30.00 FEET;
THENCE S01°15'02"W A DISTANCE OF 50.06 FEET;
THENCE N15°17'20"E A DISTANCE OF 53.59 FEET;
THENCE N01°15'02"E A DISTANCE OF 173.87 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 77°28'04", AN ARC LENGTH OF 33.80 FEET TO A POINT ON THE SOUTHERLY EXTENSION OF THE EAST MARGIN OF 150TH AVE. NE;
THENCE N00°41'17"W ALONG SAID EXTENSION AND EAST MARGIN A DISTANCE OF 1,063.59 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER;
THENCE N89°19'44"W ALONG SAID EXTENSION AND SOUTH SUBDIVISION LINE A DISTANCE OF 642.00 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE;
THENCE N00°56'54"W ALONG SAID EAST MARGIN A DISTANCE OF 343.46 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF SAID SOUTHWEST QUARTER;
THENCE S89°07'00"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 1,390.19 FEET TO A POINT ON THE WEST MARGIN OF STATE ROUTE 520;
THENCE S17°40'00"E ALONG SAID WEST MARGIN A DISTANCE OF 1,066.32 FEET;
THENCE N89°45'35"W A DISTANCE OF 192.98 FEET;
THENCE S00°25'26"E A DISTANCE OF 287.74 FEET TO A POINT ON THE NORTH MARGIN OF NE 40TH ST;
THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 66.36 FEET;
THENCE S00°01'46"E A DISTANCE OF 20.00 FEET;
THENCE S00°00'10"E A DISTANCE OF 60.00 FEET;
THENCE S00°01'40"W A DISTANCE OF 20.00 FEET;
THENCE S87°40'38"E A DISTANCE OF 82.41 FEET;
THENCE S84°42'24"E A DISTANCE OF 51.22 FEET;
THENCE S87°36'03"E A DISTANCE OF 120.80 FEET;
THENCE S53°34'57"E A DISTANCE OF 54.18 FEET;
THENCE S21°26'32"E A DISTANCE OF 131.05 FEET;
THENCE S14°52'35"E A DISTANCE OF 351.79 FEET;
THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 270.00 FEET AND A CENTRAL ANGLE OF 16°03'27", AN ARC LENGTH OF 75.67 FEET;
THENCE TANGENT TO THE PRECEDING CURVE S01°10'52"W A DISTANCE OF 531.14 FEET;
THENCE S89°37'19"E A DISTANCE OF 56.13 FEET TO A POINT ON THE WEST MARGIN OF SR 520;
THENCE S01°17'18"W ALONG SAID WEST MARGIN A DISTANCE OF 214.15 FEET;
THENCE S10°35'40"W A DISTANCE OF 233.89 FEET;
THENCE S88°40'08"E A DISTANCE OF 262.98 FEET TO A POINT ON THE EAST MARGIN OF SR 520 AND THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N77°34'12"W;

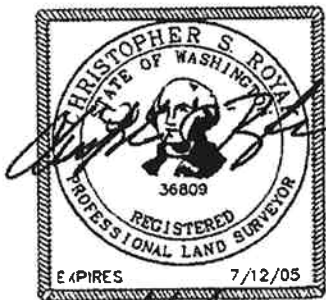


Exhibit A - Microsoft Campus

THENCE NORTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,130.00 FEET AND A CENTRAL ANGLE OF 5'14'21", AN ARC LENGTH OF 286.21 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 23;
 THENCE NON-TANGENT TO THE PRECEDING CURVE S89°34'20"E ALONG SAID NORTH LINE A DISTANCE OF 406.25 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE,
 THENCE N01°09'29"E A DISTANCE OF 1,265.89 FEET;
 THENCE N44°40'25"W A DISTANCE OF 159.74 FEET TO A POINT ON THE NORTH MARGIN OF NE 40TH ST;
 THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 57.36 FEET;
 THENCE N83°54'06"W A DISTANCE OF 85.11 FEET;
 THENCE N87°06'35"W A DISTANCE OF 120.15 FEET;
 THENCE N62°29'52"W A DISTANCE OF 28.18 FEET;
 THENCE N87°28'57"W A DISTANCE OF 23.02 FEET;
 THENCE S76°19'15"W A DISTANCE OF 42.20 FEET;
 THENCE N56°28'22"W A DISTANCE OF 52.35 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520;
 THENCE N15°39'03"W ALONG SAID EAST MARGIN A DISTANCE OF 117.90 FEET;
 THENCE N20°23'42"W A DISTANCE OF 91.20 FEET;
 THENCE N22°20'00"W A DISTANCE OF 339.32 FEET;
 THENCE N00°09'21"W A DISTANCE OF 166.67 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH 100.00 FEET OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 14;
 THENCE S89°32'32"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 618.87 FEET TO A POINT ON THE WEST MARGIN OF 156TH AVE. NE;
 THENCE S00°06'59"W ALONG SAID WEST MARGIN A DISTANCE OF 359.63 FEET;
 THENCE S07°37'24"W A DISTANCE OF 153.08 FEET;
 THENCE S00°06'59"W A DISTANCE OF 191.89 FEET;
 THENCE S26°48'12"W A DISTANCE OF 21.77 FEET;
 THENCE S44°40'25"E A DISTANCE OF 159.74 FEET;
 THENCE N46°09'48"E A DISTANCE OF 30.54 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST;
 THENCE S89°10'30"E ALONG SAID SOUTH MARGIN A DISTANCE OF 326.67 FEET;
 THENCE N00°49'30"E A DISTANCE OF 4.50 FEET;
 THENCE S89°10'30"E A DISTANCE OF 1,279.49 FEET;
 THENCE N01°06'38"E A DISTANCE OF 12.00 FEET;
 THENCE S89°10'30"E A DISTANCE OF 956.73 FEET;
 THENCE S89°12'42"E A DISTANCE OF 330.04 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THOSE PORTIONS LYING WITH THE FOLLOWING DEDICATED RIGHT-OF-WAYS:
 NE 31ST ST., NE 36TH ST., NE 39TH ST., NE 40TH ST., 150TH AVE. NE, 156TH AVE. NE, 157TH AVE. NE, 159TH AVE. NE, 163RD AVE. NE AND S.R. 520.

CONTAINS 15,394,360 SQ. FT. +/- (353.41 ACRES)



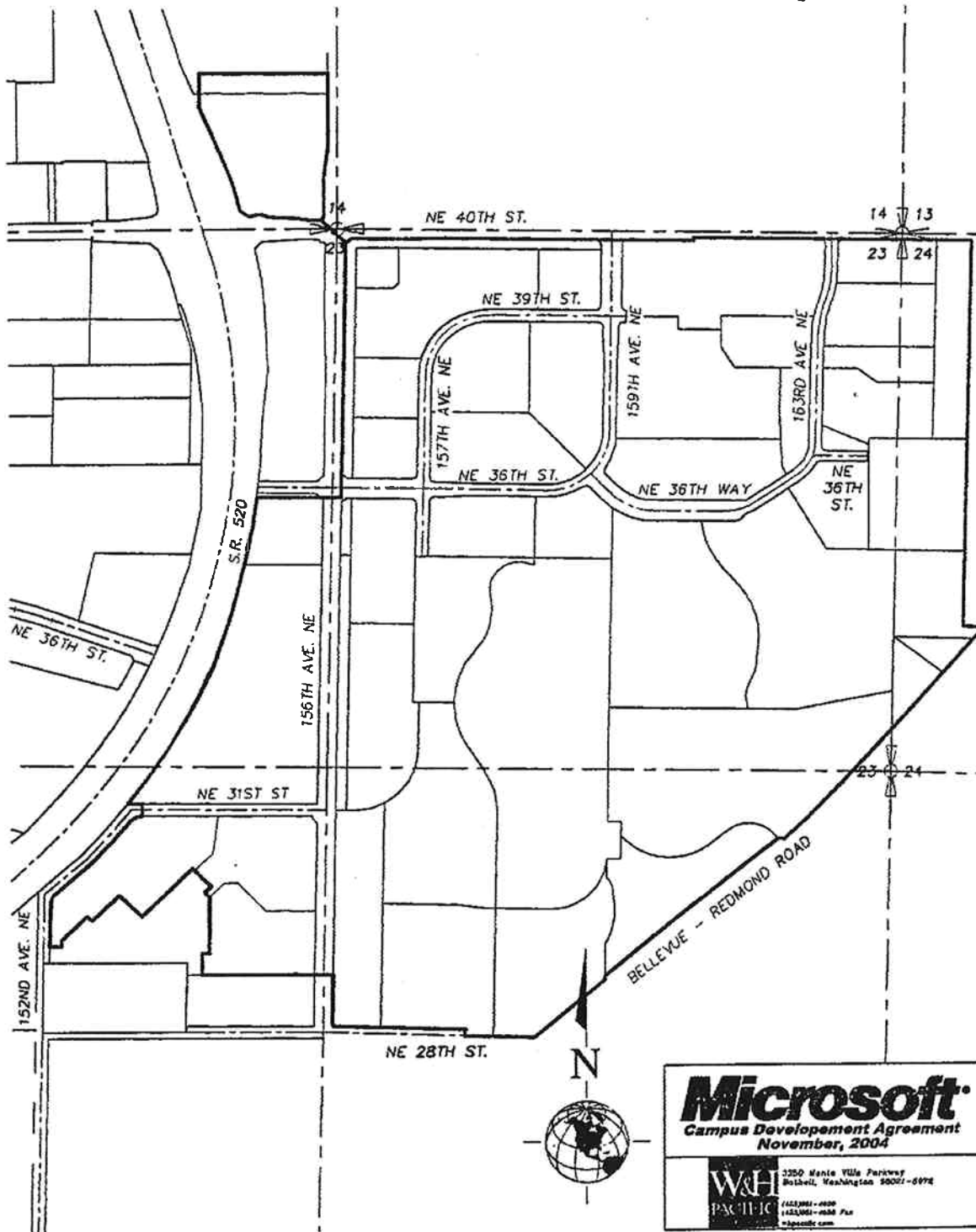
Microsoft Proposed New Development under the Development Agreement

4/21/2005

Exhibit B

Development Location	Net New Microsoft Development in Square Feet	Additional Development through Square Footage transfers & Right of Way transfers	Additional Square Footage allowed through TDR's	Total Square Footage Development Before Demolition	Proposed Square Footage Demolition of Existing Development	Total Microsoft Development in DA Request	Remaining BROS capacity before Microsoft Development Agreement	Remaining BROS balance in Redmond after MS Development Agreement
<u>Main Campus</u>	1,124,291	0	372,468	1,496,759	0	1,496,759		
<u>West Campus</u>	629,631	416,185	207,531	1,253,347	554,618	698,729		
						2,195,488	2,629,887	434,399

Exhibit C - Microsoft Main Campus



Microsoft
Campus Development Agreement
November, 2004

W&H
PACIFIC

3250 Monte Villa Parkway
Bellevue, Washington 98007-6994
TEL: 206-460-4000
FAX: 206-460-4000
www.wahpac.com

Exhibit C - Microsoft Main Campus

ALL THAT CERTAIN PROPERTY SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON, LYING WITHIN SECTION 23, THE NORTHWEST QUARTER OF SECTION 24 AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 24, THENCE S89°12'42"E ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 330.03 FEET; THENCE S00°47'18"W A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST. AND THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING S01°04'30"W A DISTANCE OF 1,918.14 FEET; THENCE S88°01'29"E A DISTANCE OF 103.85 FEET TO A POINT ON THE NORTH MARGIN OF BELLEVUE-REDMOND ROAD; THENCE S41°25'58"W ALONG SAID NORTH MARGIN A DISTANCE OF 1,074.33 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 2,834.93 FEET AND A CENTRAL ANGLE OF 6°40'58", AN ARC LENGTH OF 330.86 FEET; THENCE NON-TANGENT TO THE PRECEDING CURVE N88°54'27"W A DISTANCE OF 29.46 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N41°26'45"W; THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 2,814.93 FEET AND A CENTRAL ANGLE OF 2°04'43", AN ARC LENGTH OF 102.12 FEET; THENCE TANGENT TO THE PRECEDING CURVE S50°37'58"W A DISTANCE OF 945.49 FEET; THENCE S01°04'31"W A DISTANCE OF 21.68 FEET; THENCE S50°37'58"W A DISTANCE OF 439.59 FEET; THENCE N88°05'47"W A DISTANCE OF 323.39 FEET; THENCE N01°07'07"E A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 28TH ST.; THENCE N88°05'47"W ALONG SAID NORTH MARGIN A DISTANCE OF 605.97 FEET; THENCE N43°50'37"W A DISTANCE OF 15.05 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE; THENCE N01°09'29"E ALONG SAID EAST MARGIN A DISTANCE OF 242.90 FEET; THENCE N89°34'56"W A DISTANCE OF 628.77 FEET; THENCE N00°25'04"E A DISTANCE OF 105.87 FEET; THENCE S89°34'56"E A DISTANCE OF 32.00 FEET; THENCE N00°25'04"E A DISTANCE OF 274.77 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE N45°25'04"E A DISTANCE OF 43.10 FEET; THENCE N44°34'56"W A DISTANCE OF 122.47 FEET; THENCE S45°25'04"W A DISTANCE OF 328.00 FEET; THENCE N44°34'56"W A DISTANCE OF 145.00 FEET; THENCE S45°25'04"W A DISTANCE OF 176.02 FEET; THENCE N44°34'56"W A DISTANCE OF 30.50 FEET; THENCE S45°25'04"W A DISTANCE OF 166.86 FEET; THENCE S00°25'04"W A DISTANCE OF 28.13 FEET; THENCE N89°34'56"W A DISTANCE OF 54.09 FEET TO A POINT ON THE EAST MARGIN OF 152ND AVE. NE; THENCE N01°11'22"E ALONG SAID EAST MARGIN A DISTANCE OF 209.18 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 47°52'59", AN ARC LENGTH OF 58.50 FEET; THENCE TANGENT TO THE PRECEDING CURVE N49°04'21"E A DISTANCE OF 219.59 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N46°47'42"W;



Exhibit C - Microsoft Main Campus

THENCE NORTHEASTERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,200.00 FEET AND A CENTRAL ANGLE OF 4°49'28", AN ARC LENGTH OF 269.45 FEET TO A POINT OF REVERSE CURVATURE;
THENCE TANGENT TO THE PRECEDING CURVE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 52°14'47", AN ARC LENGTH OF 63.83 FEET TO A POINT ON THE SOUTH MARGIN OF NE 31ST ST.;
THENCE RADIAL TO THE PRECEDING CURVE N00°37'37"E A DISTANCE OF 60.00 FEET TO A POINT ON THE NORTH MARGIN OF NE 31ST ST;
THENCE N89°22'23"W ALONG SAID NORTH MARGIN A DISTANCE OF 64.56 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520 AND THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N52°46'26"W;
THENCE NORTHERLY ALONG SAID EAST MARGIN AND CURVE, HAVING A RADIUS OF 3,140.00 FEET AND A CENTRAL ANGLE OF 14°30'45", AN ARC LENGTH OF 795.33 FEET;
THENCE NON-TANGENT TO THE PRECEDING CURVE N18°08'10"E A DISTANCE OF 240.50 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE LEFT, THE RADIUS POINT OF WHICH BEARS N71°40'44"W;
THENCE NORTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 3,130.00 FEET AND A CENTRAL ANGLE OF 11°07'49", AN ARC LENGTH OF 608.03 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 23;
THENCE NON-TANGENT TO THE PRECEDING CURVE S89°34'20"E ALONG SAID NORTH LINE A DISTANCE OF 406.25 FEET TO A POINT ON THE EAST MARGIN OF 156TH AVE. NE;
THENCE N01°09'29"E A DISTANCE OF 1,265.89 FEET;
THENCE N44°40'25"W A DISTANCE OF 159.74 FEET TO A POINT ON THE NORTH MARGIN OF NE 40TH ST;
THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 57.36 FEET;
THENCE N83°54'06"W A DISTANCE OF 85.11 FEET;
THENCE N87°06'35"W A DISTANCE OF 120.15 FEET;
THENCE N62°29'52"W A DISTANCE OF 28.18 FEET;
THENCE N87°28'57"W A DISTANCE OF 23.02 FEET;
THENCE S76°19'15"W A DISTANCE OF 42.20 FEET;
THENCE N56°28'22"W A DISTANCE OF 52.35 FEET TO A POINT ON THE EAST MARGIN OF STATE ROUTE 520;
THENCE N15°39'03"W ALONG SAID EAST MARGIN A DISTANCE OF 117.90 FEET;
THENCE N20°23'42"W A DISTANCE OF 91.20 FEET;
THENCE N22°20'00"W A DISTANCE OF 339.32 FEET;
THENCE N00°09'21"W A DISTANCE OF 166.67 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH 100.00 FEET OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 14;
THENCE S89°32'32"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 618.87 FEET TO A POINT ON THE WEST MARGIN OF 156TH AVE. NE;
THENCE S00°06'59"W ALONG SAID WEST MARGIN A DISTANCE OF 359.63 FEET;
THENCE S07°37'24"W A DISTANCE OF 153.08 FEET;
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THENCE S26°48'12"W A DISTANCE OF 21.77 FEET;
THENCE S44°40'25"E A DISTANCE OF 159.74 FEET;
THENCE N46°09'48"E A DISTANCE OF 30.54 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST;
THENCE S89°10'30"E ALONG SAID SOUTH MARGIN A DISTANCE OF 326.67 FEET;
THENCE N00°49'30"E A DISTANCE OF 4.50 FEET;
THENCE S89°10'30"E A DISTANCE OF 1,279.49 FEET;
THENCE N01°06'38"E A DISTANCE OF 12.00 FEET;
THENCE S89°10'30"E A DISTANCE OF 956.73 FEET;

Microsoft
Campus Development Agreement
November, 2004

WAH
PACIFIC

2150 Santa Villa Parkway
Bellevue, Washington 98001-8978
(425) 251-4500
(425) 251-4500 Fax
wappacific.com

Exhibit C - Microsoft Main Campus

THENCE S89°12'42"E A DISTANCE OF 330.04 FEET TO THE TRUE POINT OF BEGINNING.
EXCEPT THOSE PORTIONS LYING WITHIN THE FOLLOWING DEDICATED RIGHT-OF-WAYS:
NE 31ST ST., NE 36TH ST., NE 39TH ST., NE 40TH ST., 156TH AVE. NE, 157TH AVE. NE, 159TH AVE.
NE AND 163RD AVE. NE.

CONTAINS 11,089,369 SQ. FT. +/- (254.58 ACRES)

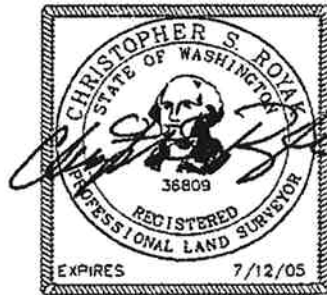


Exhibit D - Microsoft West Campus

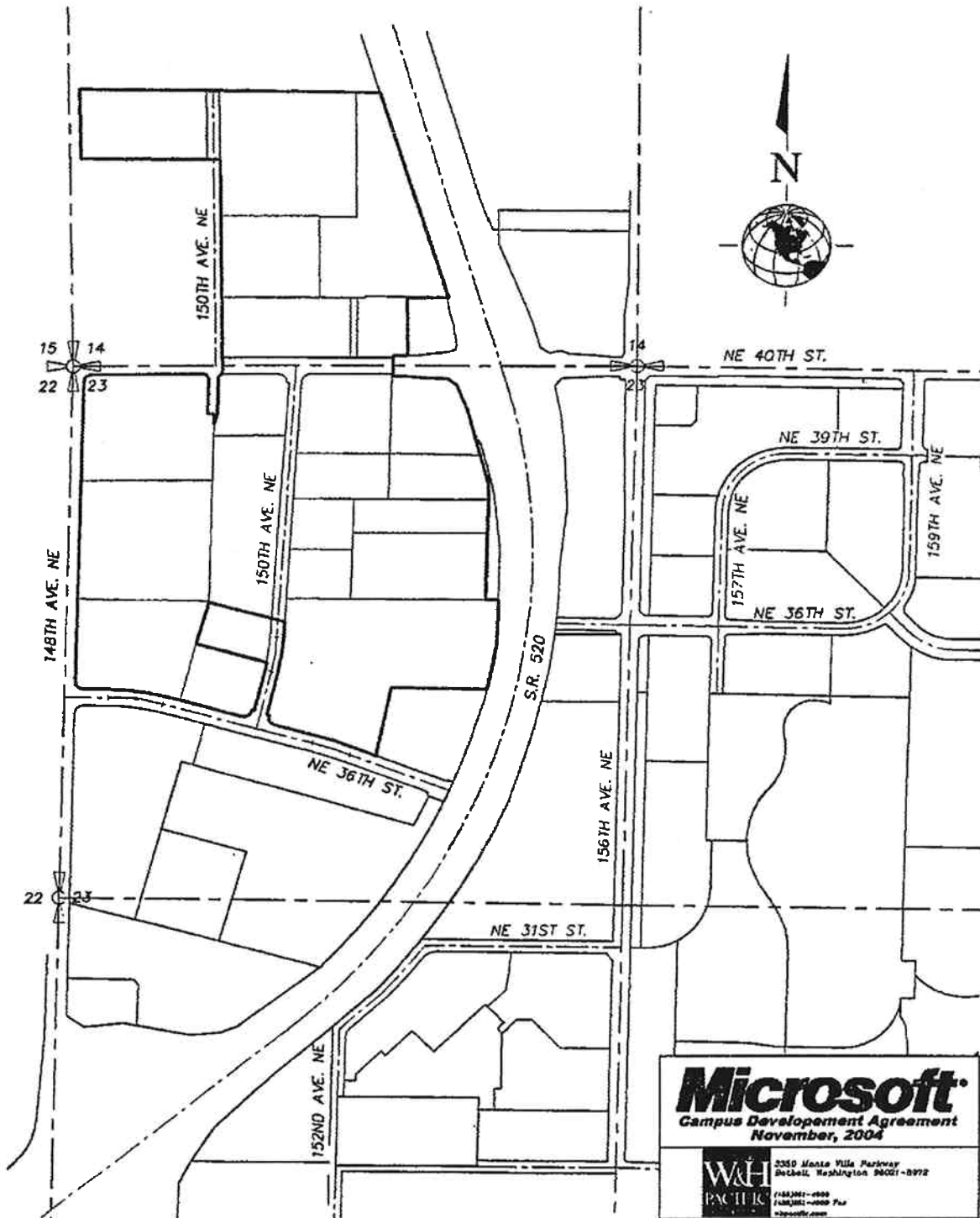


Exhibit D - Microsoft West Campus

ALL THAT CERTAIN PROPERTY SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON, LYING WITHIN THE NORTHWEST QUARTER OF SECTION 23 AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 25 NORTH, RANGE 5 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 23, THENCE S89°58'20"E ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 88.31 FEET; THENCE S00°01'40"W A DISTANCE OF 40.00 FEET TO A POINT ON THE SOUTH MARGIN OF NE 40TH ST. AND THE TRUE POINT OF BEGINNING; THENCE FROM SAID TRUE POINT OF BEGINNING S89°58'20"E ALONG SAID SOUTH MARGIN A DISTANCE OF 511.27 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 91°13'22", AN ARC LENGTH OF 39.80 FEET; THENCE TANGENT TO THE PRECEDING CURVE S01°15'02"W A DISTANCE OF 173.82 FEET; THENCE S88°44'58"E A DISTANCE OF 30.00 FEET; THENCE S01°15'02"W A DISTANCE OF 50.06 FEET; THENCE N15°17'20"E A DISTANCE OF 53.59 FEET; THENCE N01°15'02"E A DISTANCE OF 173.87 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 77°28'04", AN ARC LENGTH OF 33.80 FEET TO A POINT ON THE SOUTHERLY EXTENSION OF THE EAST MARGIN OF 150TH AVE NE; THENCE N00°41'17"W ALONG SAID EXTENSION AND EAST MARGIN A DISTANCE OF 1,063.59 FEET TO A POINT ON THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER; THENCE N89°19'44"W ALONG SAID EXTENSION AND SOUTH SUBDIVISION LINE A DISTANCE OF 642.00 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE; THENCE N00°56'54"W ALONG SAID EAST MARGIN A DISTANCE OF 343.46 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF SAID SOUTHWEST QUARTER; THENCE S89°07'00"E ALONG SAID NORTH SUBDIVISION LINE A DISTANCE OF 1,390.19 FEET TO A POINT ON THE WEST MARGIN OF STATE ROUTE 520; THENCE S17°40'00"E ALONG SAID WEST MARGIN A DISTANCE OF 1,066.32 FEET; THENCE N89°45'35"W A DISTANCE OF 192.98 FEET; THENCE S00°25'26"E A DISTANCE OF 287.74 FEET TO A POINT ON THE NORTH MARGIN OF NE 40TH ST; THENCE N89°58'20"W ALONG SAID NORTH MARGIN A DISTANCE OF 66.36 FEET; THENCE S00°01'46"E A DISTANCE OF 20.00 FEET; THENCE S00°00'10"E A DISTANCE OF 60.00 FEET; THENCE S00°01'40"W A DISTANCE OF 20.00 FEET; THENCE S87°40'38"E A DISTANCE OF 82.41 FEET; THENCE S84°42'24"E A DISTANCE OF 51.22 FEET; THENCE S87°36'03"E A DISTANCE OF 120.80 FEET; THENCE S53°34'57"E A DISTANCE OF 54.18 FEET; THENCE S21°26'32"E A DISTANCE OF 131.05 FEET; THENCE S14°52'35"E A DISTANCE OF 351.79 FEET; THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 270.00 FEET AND A CENTRAL ANGLE OF 16°03'27", AN ARC LENGTH OF 75.67 FEET; THENCE TANGENT TO THE PRECEDING CURVE S01°10'52"W A DISTANCE OF 531.14 FEET; THENCE S89°37'19"E A DISTANCE OF 56.13 FEET TO A POINT ON THE WEST MARGIN OF SR 520; THENCE S01°17'18"W ALONG SAID WEST MARGIN A DISTANCE OF 214.15 FEET;



Exhibit D - Microsoft West Campus

THENCE S10°35'40"W A DISTANCE OF 233.89 FEET;
 THENCE N88°40'08"W A DISTANCE OF 441.93 FEET;
 THENCE S12°10'31"W A DISTANCE OF 340.80 FEET TO A POINT ON THE NORTH MARGIN OF NE 36TH ST.;
 THENCE N69°25'34"W ALONG SAID NORTH MARGIN A DISTANCE OF 117.56 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 2,040.00 FEET AND A CENTRAL ANGLE OF 5°18'02", AN ARC LENGTH OF 188.72 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N74°43'36"W A DISTANCE OF 190.60 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°04'44", AN ARC LENGTH OF 61.49 FEET;
 THENCE RADIAL TO THE PRECEDING CURVE N76°38'52"W A DISTANCE OF 10.00 FEET TO A POINT ON THE EAST MARGIN OF 150TH AVE. NE.;
 THENCE N13°21'08"E ALONG SAID EAST MARGIN A DISTANCE OF 212.53 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1,030.00 FEET AND A CENTRAL ANGLE OF 9°47'20", AN ARC LENGTH OF 175.97 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N03°33'48"E A DISTANCE OF 79.81 FEET;
 THENCE N74°43'17"W A DISTANCE OF 364.45 FEET;
 THENCE S15°16'43"W A DISTANCE OF 215.40 FEET;
 THENCE S74°43'17"E A DISTANCE OF 339.44 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N78°58'17"W;
 THENCE SOUTHERLY ALONG SAID CURVE, HAVING A RADIUS OF 970.00 FEET AND A CENTRAL ANGLE OF 2°19'25", AN ARC LENGTH OF 39.34 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE S13°21'08"W A DISTANCE OF 207.16 FEET;
 THENCE N76°38'52"W A DISTANCE OF 10.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE RIGHT, THE RADIUS POINT OF WHICH BEARS N76°38'52"W;
 THENCE SOUTHWESTERLY ALONG SAID CURVE, HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 91°55'35", AN ARC LENGTH OF 64.18 FEET TO A POINT ON THE NORTH MARGIN OF NE 36TH ST.;
 THENCE TANGENT TO THE PRECEDING CURVE N74°43'17"W ALONG SAID NORTH MARGIN A DISTANCE OF 366.09 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1,040.00 FEET AND A CENTRAL ANGLE OF 14°44'31", AN ARC LENGTH OF 267.59 FEET;
 THENCE TANGENT TO THE PRECEDING CURVE N89°27'48"W A DISTANCE OF 111.41 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 90°42'50", AN ARC LENGTH OF 63.33 FEET TO A POINT ON THE EAST MARGIN OF 148TH AVE. NE;
 THENCE TANGENT TO THE PRECEDING CURVE N01°15'02"E ALONG SAID EAST MARGIN A DISTANCE OF 1,485.45 FEET;
 THENCE TANGENT TO THE PRECEDING COURSE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 40.00 FEET AND A CENTRAL ANGLE OF 88°46'38", AN ARC LENGTH OF 61.98 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THOSE PORTIONS LYING WITHIN THE FOLLOWING DEDICATED RIGHT-OF-WAYS:
 NE 40TH ST. AND 150TH AVE. NE.

CONTAINS 4,304,991 SQ. FT. +/- (98.83 ACRES)

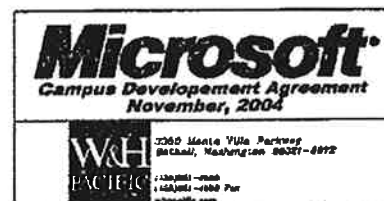


EXHIBIT E – DENSITY TRANSFER INTERPRETATIONS



received
12-19-03

THE CITY OF REDMOND
PLANNING DEPARTMENT

Page 1 of 6

December 18, 2003

Nancy Bainbridge Rogers
Cairncross & Hempelmann, P.S.
524 Second Avenue, Suite 500
Seattle, WA 98104-2323

RE: Interpretation of RCDG 20C.60.25-020 Note 5 For a Specific Proposal

Dear Ms. Bainbridge Rogers:

Your September 30, 2003 letter requests review of a planned transfer of density and impervious surface coverage in the Overlake neighborhood, and a determination of whether the transfer as proposed complies with the Redmond Community Development Guide. The properties involved are mapped on Exhibit A, attached.

Based on a review of the Redmond Community Development Guide policies and regulations, I conclude that the transfer of density that you propose is allowed by city regulations, and anticipated by the Overlake Neighborhood plan. The relevant policies and regulations are cited and discussed below.

Basis for Decision

The Redmond Community Development Guide provisions for the Overlake Business and Technology zone (referred to as OV in the use and site requirement charts) set a maximum floor area ratio, but allow the floor area ratio to be averaged across contiguous properties. RCDG 20C.60.25-020, note 5, states:

For properties under a common ownership that are contiguous or separated only by rights-of-way, FARs may be calculated based on the average FAR across those properties, and density and impervious surface coverage may be transferred among contiguous properties provided the averages or transfers are consistent with all other applicable regulations.

Since there is no specific RCDG definition of the word 'contiguous', the common meaning of the word shall apply. That is, contiguous means *adjacent, next to, or touching at a point or boundary*. The RCDG defines public rights of way, so no interpretation is necessary. Technical staff has not reviewed current public or private ownership of parcels and rights of way, but if the parcels mapped are in common ownership, and if the streets mapped are used or planned to be

used as public thoroughfares, then the proposed transfer is consistent with the letter and intent of the RCDG.

Overlake Neighborhood Plan

The Redmond Community Development Guide policies affecting the Overlake Neighborhood provide the policy basis for the above cited code provision.

First, a portion of the OV zoned area is designated as an Advanced Technology Center by the RCDG, and as an Advanced Technology and Manufacturing Center by the King County Countywide Planning Policies. Vision 2020 also recognizes the area as a Center. The area therefore has priority for transportation improvements under regional policies, to accommodate planned growth. The transfer as proposed moves relatively more of the Overlake neighborhood's potential development into the designated center, consistent with local and regional policy.

Overlake Neighborhood policies encourage concentration of employment where it can best be served by existing and future transportation investments, as follows:

N-OV-59 Encourage higher intensity employment development within walking distance of 156th Avenue NE north of NE 31st Street and south of NE 40th Street

BROTS

The proposed transfer is consistent with policies resulting from the Bellevue Redmond Overlake Transportation Study update (BROTS). Those policies place a specific limit on commercial development in the area, based on planned and funded transportation improvements, as follows:

N-OV-75 The Overlake Neighborhood Plan allows a total development capacity of 15.4 million square feet of retail, office, research and development, manufacturing and distribution uses within Redmond's Overlake Neighborhood. The public facilities and services necessary to accommodate this growth are required by this neighborhood plan. As more transit services become available in Overlake or progress is made towards meeting non-single-occupancy vehicle travel objectives, the amount of development that can be accommodated should be reevaluated.

The transfer as proposed will be consistent with the 15.4 million square foot limit, provided that the sending parcels are restricted in use by the amount transferred, until the area wide cap on commercial development is changed.

We understand that your client will be doing long range planning for your properties, to enable timely review of specific development proposals in the future. This has been a successful approach in other areas, and quite welcome. Although the overall amount of growth in Overlake

will remain constant if this transfer of density is implemented, traffic analysis will be needed with specific development proposals to determine whether changes in traffic distribution affect portions of the local transportation system.

Please let me know if there are questions about this interpretation, or if you need more information. We look forward to working with you on planning for the area.
Sincerely,



Roberta Lewandowski
Planning and Community Development Director

cc: Jim Roberts, Assistant Planning Director
David Rhodes, Public Works Director

Microsoft Overlake Properties

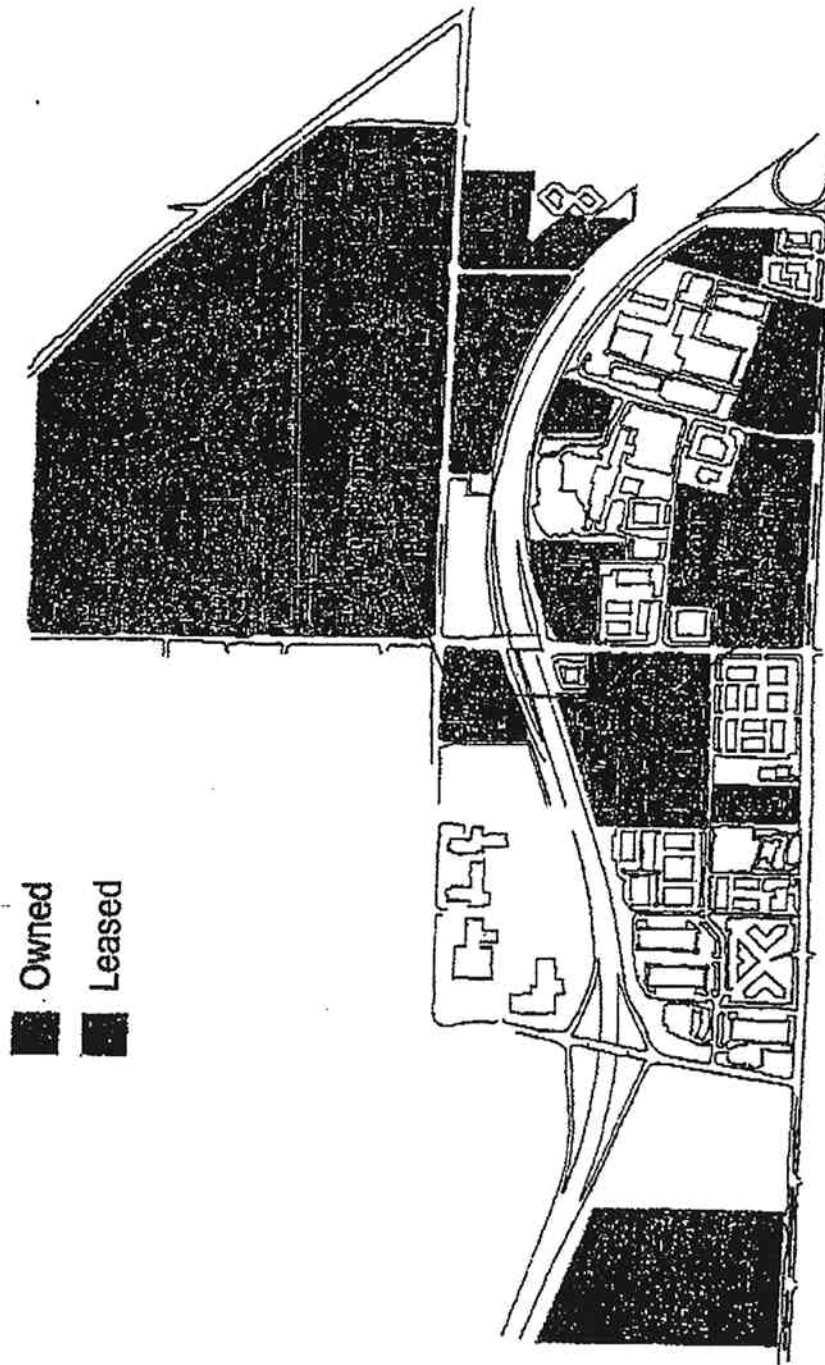
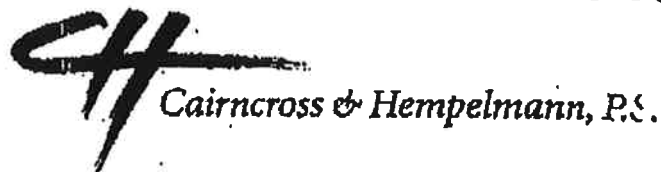
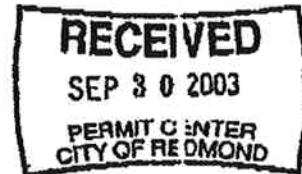


Exhibit A



September 30, 2003



VIA HAND DELIVERY

Jim Roberts
City of Redmond
15670 NE 85th Street
P.O. Box 97010
Redmond, Washington 98073

Re: Interpretation of RCDG 20C.60.25-020 (Chart of Site Requirements) note 5

Jim
Dear Mr. Roberts:

As you know, this firm represents Microsoft Corporation. With City Planning Staff, Microsoft has reviewed options to transfer density pursuant to RCDG 20C.60.25-020 (Chart of Site Requirements) note 5. That section provides that as to property under common ownership located in the OV, BP, MP and I zones, density and impervious surface coverage may be transferred as follows:

For properties under a common ownership that are contiguous or separated only by rights-of-way, FARs may be calculated based on the average FAR across those properties, and density and impervious surface coverage may be transferred among contiguous properties provided the averages or transfers are consistent with all other applicable regulations.

We write to confirm that properties under common ownership are considered contiguous when those properties are connected by any portion of a lot line, including a corner, and that rights-of-way include all City streets as well as SR 520.

The RCDG defines right of way as: "Land owned by a public agency and used or planned to be used as a public thoroughfare." RCDG 20A.20.180. Accordingly, both City-controlled streets and SR 520 are rights-of-way for purposes of RCDG 20C.60.25-020 (Chart of Site Requirements) note 5.

Law Offices

524 Second Avenue, Suite 500
Seattle, Washington 98104-2323
Phone: 206-587-0700 • Fax: 206-587-2308
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Exhibit A.

Jim Roberts
September 30, 2003
Page 2

The RCDG does not define "contiguous", or any other forms of the word. The dictionary definition of "contiguous" is:

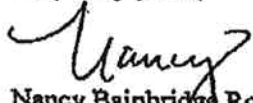
1 : being in actual contact : touching along a boundary or at a point; 2 : of angles :
ADJACENT 3 : next or near in time or sequence 4 : CONTERMINOUS 3 *syn*
see ADJACENT - contiguously *adv* - contiguousness *n*

Webster's *New Collegiate Dictionary*, p. #243 (1981) (underlined emphasis added).

Accordingly, property under common ownership is contiguous whether it touches along an entire boundary or at a point. Under the express terms of RCDG 20C.60.25-020 (Chart of Site Requirements) note 5, contiguity remains where the parcel boundaries or corners are separated only by rights-of-way. Therefore, RCDG 20C.60.25-020 (Chart of Site Requirements) note 5, allows density available for development to be transferred across properties held in common ownership, across rights-of-way including SR 520, so long as the parcels in question touch at least at one point, or would touch but for intervening rights-of-way. For example, this allows the transfer of density from the Stroum property to the Microsoft main campus as follows: Stroum to Lakeridge (across a common boundary and right-of-way), then from Lakeridge to Buildings 121/122 (across a common point and right-of-way), then from Buildings 121/122 to Building 50 (across a common boundary and right-of-way), then from Building 50 to Main Campus (across a common point and right-of-way). The enclosed map depicts this transfer.

We're happy to meet with you should you wish to discuss these issues further. Thank you for your attention to this matter.

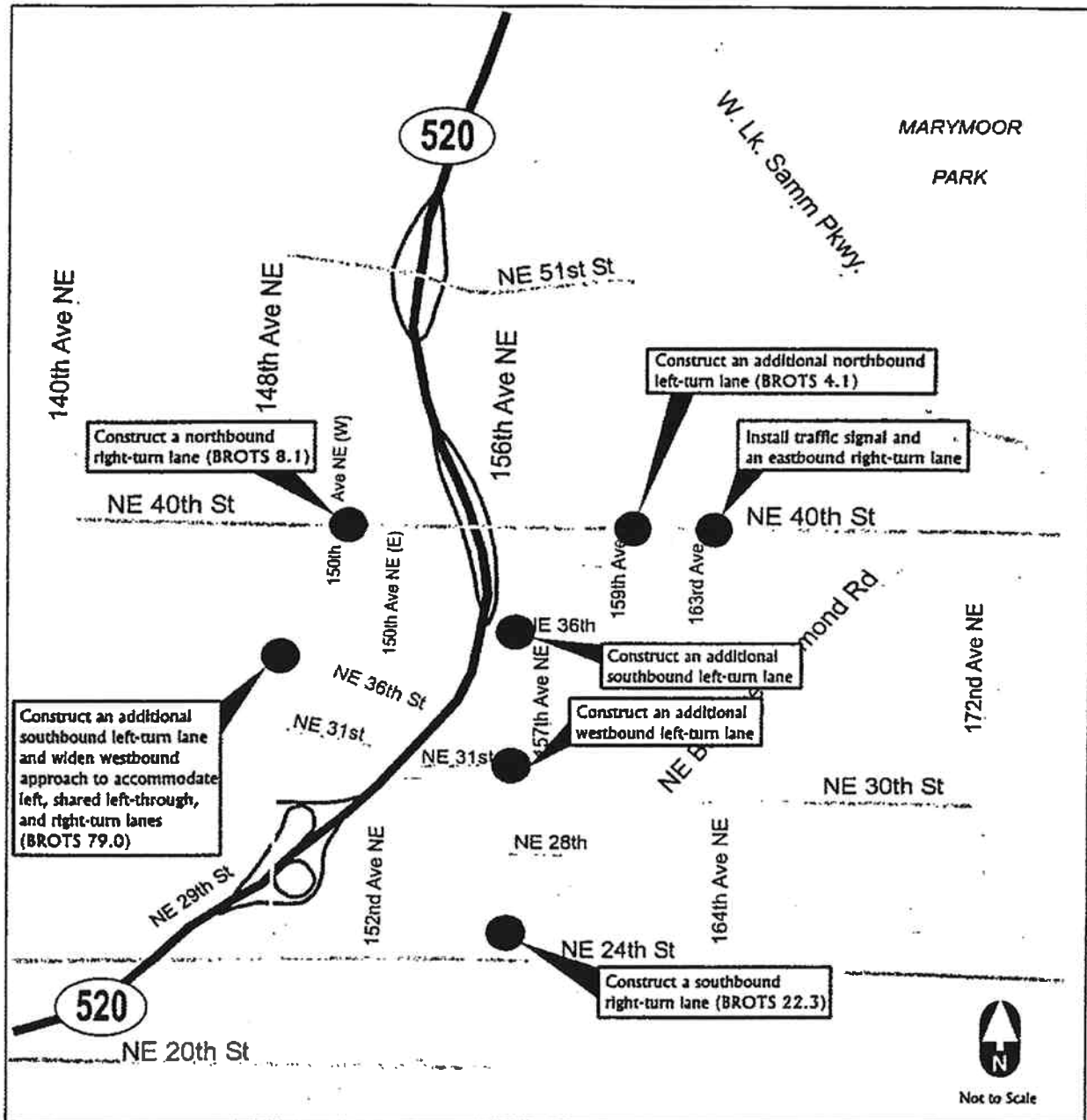
Very truly yours,


Nancy Bainbridge Rogers

NBR:ldg
Enclosure
cc: Microsoft Corporation

Exhibit A.

Exhibit F - Transportation Improvements



Microsoft
Campus Development Agreement



Transportation
Engineering
Northwest

Exhibit C - Bel-Red Road Buffer

Sheet 1 of 3

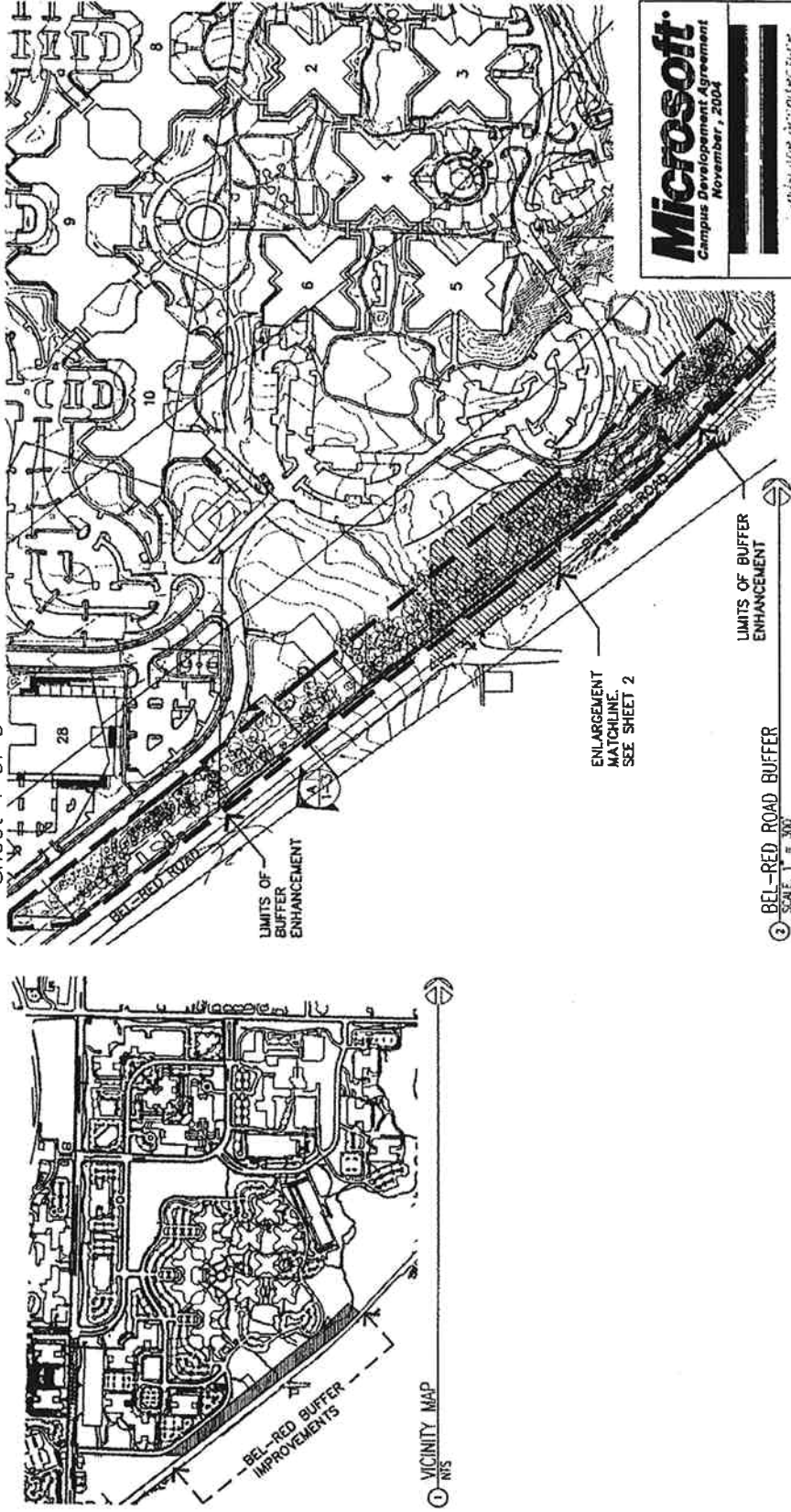
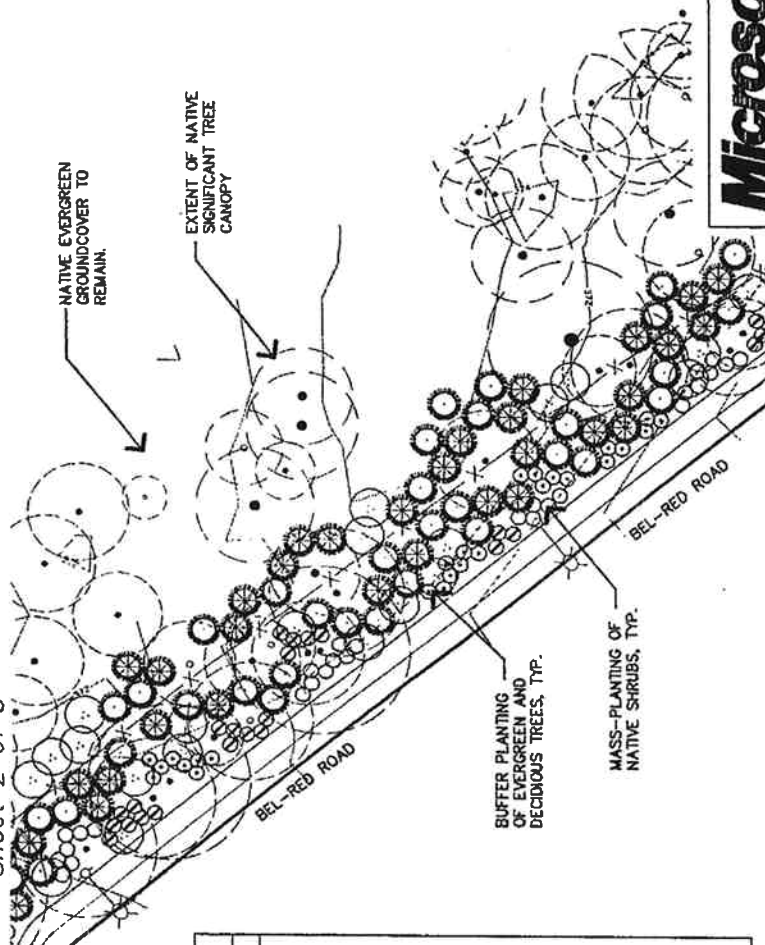


Exhibit G - Bel-Red Road Buffer

Sheet 2 of 3



PLANT SCHEDULE			
SYMBOL	BOTANICAL NAME / COMMON NAME	SIZE	NOTES
TREES			
	EXISTING SIGNIFICANT TREE		
	ACER ORIENTALIS / VINE MAPLE	8'-10' HT.	BAB. MULTI-STEM NURSERY GROWN
	PSEUDOTSUGA MENDICUS / DOUGLAS FIR	10' - 12' HT.	BAB. FULL & BUSHY
	THUJA PLICATA / WESTERN RED CEDAR	10' - 12' HT.	BAB. FULL & BUSHY
SHRUBS			
	NATIVE SHRUBS		
	CORNUS S. 'PALEO' / REDTIDE DOGWOOD	24"-30" HT.	BAB. 4' O.C.
	CORNUS STOLONIFERA 'TULARENSIS' / YELLOWING DOGWOOD	24"-30" HT.	BAB. 4' O.C.
	MAHONIA AQUIFOLIUM 'COMPLEXA' / OREGON GRAPE	24"-30" HT.	BAB. 4' O.C.
	RIBES SANGUINEUM 'KING OF THE HILL' / FLOWERING CURRANT	24"-30" HT.	BAB. 4' O.C.
	SYMPLOCARPUS ALBA / SANDBERRY	24"-30" HT.	BAB. 4' O.C.
	VACCINIUM OXYCOCOS / EVERGREEN Huckleberry	24"-30" HT.	BAB. 4' O.C.
	PHOSCARPUS OXYCOCOS 'DWARF' / NINEBARK	24"-30" HT.	BAB. 4' O.C.
	CELANIA CEROSEUS / BURNING ROSE	24"-30" HT.	BAB. 4' O.C.
	ROSA CHINENSIS / CHINESE ROSE	24"-30" HT.	BAB. 4' O.C.
	SARALICUS PACIFICA / RED ELDERBERRY	24"-30" HT.	BAB. 4' O.C.

1 LANDSCAPE LEGEND

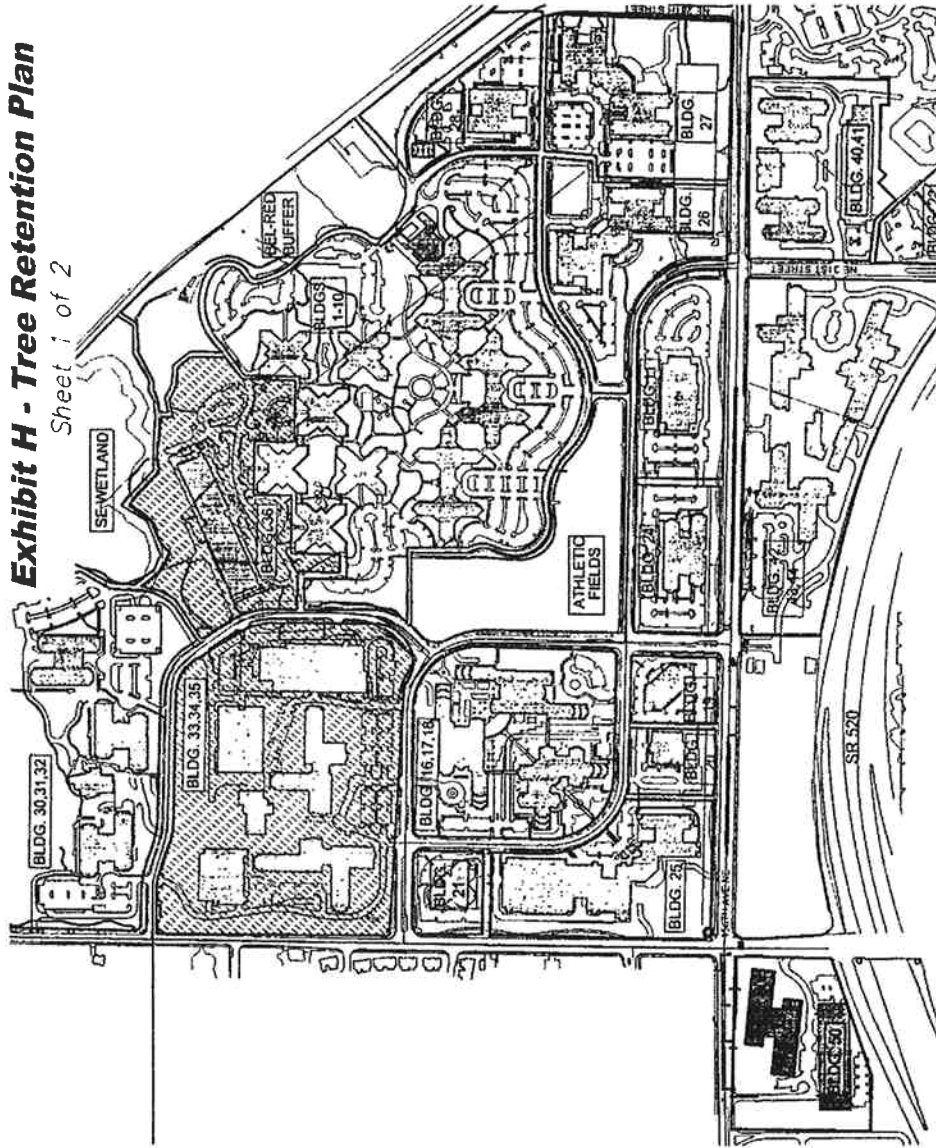
2 PLANTING ENLARGEMENT
SCALE: 1" = 40'

Sheet 3 of 3



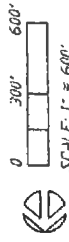
Exhibit H - Tree Retention Plan

Sheet 1 of 2



LEGEND	
Properties included in Developer Agreement:	
Properties exempt from Developer Agreement:	



Main Campus Existing Significant Tree Quantity:	6,976
Proposed 35% Retention:	2,441



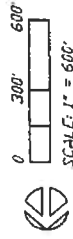
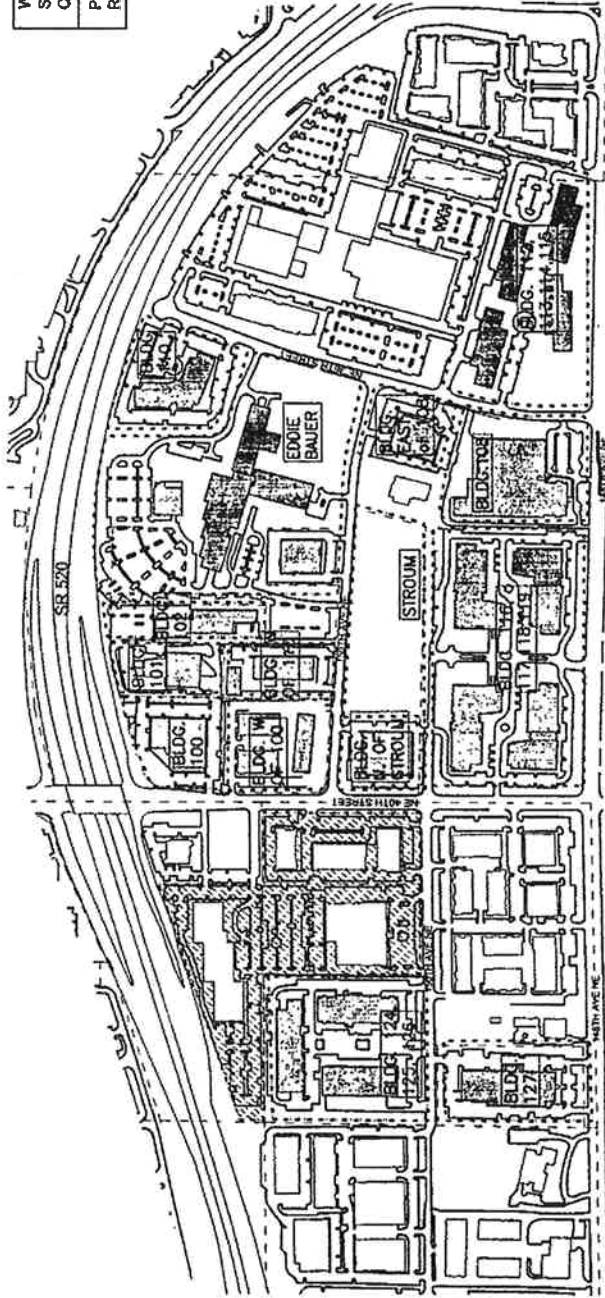
Microsoft
Campus Development Agreement
November, 2004

Brumbaugh & Associates
LANDSCAPE ARCHITECTS

Exhibit H - Tree Retention Plan Sheet 2 of 2

LEGEND	
Properties included in Developer Agreement :	
Properties exempt from Developer Agreement :	

West Campus Existing Significant Tree Quantity:	1,663
Proposed 35% Retention:	582

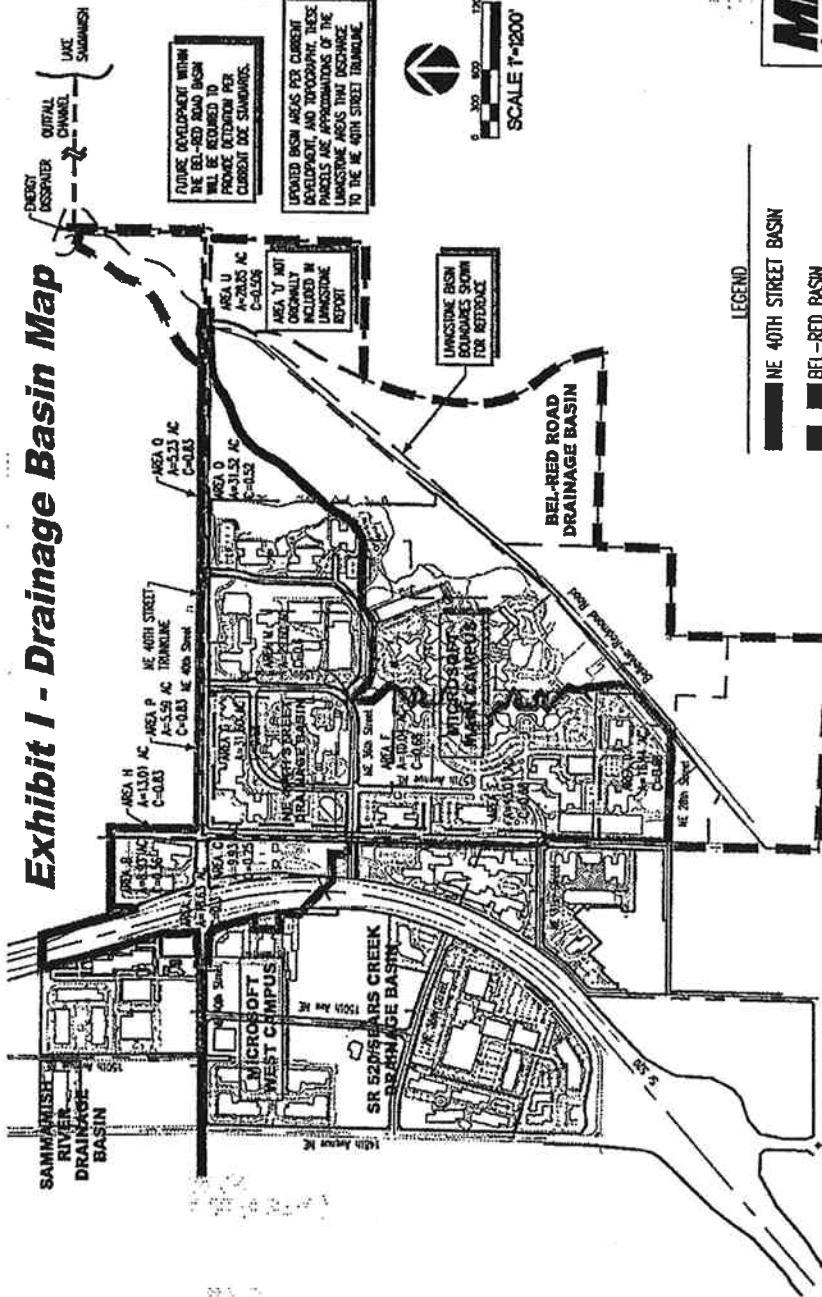




Microsoft
 Campus Development Agreement
 November, 2004

Brumbaugh & Associates
 Landscape Architecture

Exhibit I - Drainage Basin Map



Microsoft
Campus Development Agreement
July, 2005

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